

Defense Chiefs Should Review ABM Treaty Limits, Soviet Says

By R. Jeffrey Smith. Washington Post Service. WASHINGTON — The Soviet Union is now attempting to reach agreement on the Reagan administration's Strategic Defense Initiative...

Kissinger, Nixon Wary Of Arms Pact

By Jack Nelson. Los Angeles Times Service. WASHINGTON — Richard M. Nixon and Henry A. Kissinger, speaking out jointly for the first time since they left office...



Protesters joining hands Sunday to form a human chain outside a nuclear plant being built at Wackersdorf, West Germany.

A Year Later: Lessons From Chernobyl

By Malcolm W. Browne. New York Times Service. NEW YORK — In the year since the Chernobyl disaster, nuclear power has undergone its most critical appraisal since the invention of the reactor in 1942...

1988 Race: Tears and Passion

U.S. Presidential Candidates Compete to Display a 'Soul'. By Maureen Dowd. New York Times Service. WASHINGTON — The presidential contenders all have image problems...

First, they urged that withdrawing intermediate-range and short-range nuclear weapons from Europe be linked to eliminating the Soviet Union's advantage in conventional forces...

Kiosk Brazil Official Offers to Resign

SAO PAULO (Reuters) — Finance Minister Dilson Fumero, the main architect of Brazil's economic policy, said Sunday that he had offered his resignation to President José Sarney...



ISRAELIS REMEMBER THE HOLOCAUST — Motorists stopped their cars early Sunday morning on a street in Jerusalem to commemorate Holocaust Memorial Day. The two minutes of silence, announced by sirens, was observed throughout Israel.

Are five sticks of gum for 25 cents 'poor value for consumers?' Wrigley's, trying to lure more American gum chewers, doesn't think so. Page 9.

Economics of a Pint Killing Ireland's Pubs

By Francis X. Clines. New York Times Service. DROMOD, Ireland — By closing time, with the stars shining coldly above the dark road to Sligo, Jack McNally was lingering over a cup of coffee at one end of the bar in his warm, inviting pub...

Rebel Killings, Bombing by Colombo Widen Divide in Sri Lanka Civil War

By Richard M. Weintraub. Washington Post Service. COLOMBO, Sri Lanka — A series of terrorist attacks and a government decision to bomb rebel targets in civilian areas have widened the gulf that separates the Sinhalese and Tamil communities...

President Threatens to Delay Voting

KARANDENIYA, Sri Lanka — President Junius R. Jayawardene said Sunday that unless terrorism by Tamil separatists was quelled by 1989 he would not hold a general election scheduled then and would instead keep his government in power...

Arafat Abandons Egypt To Lead Reunited PLO

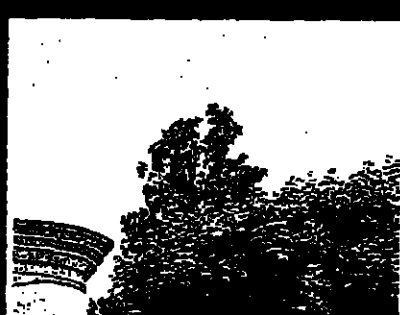
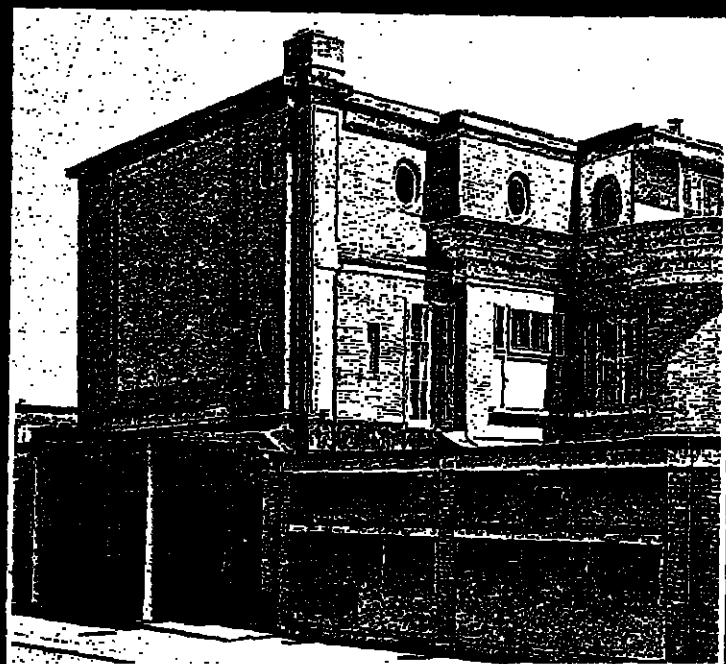
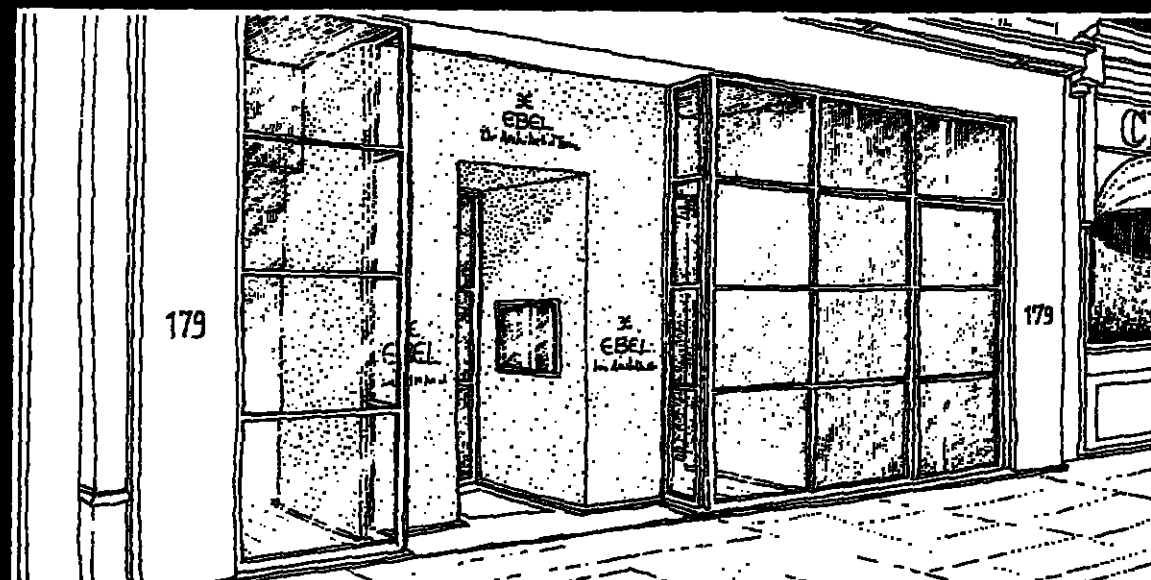
ALGIERS — The Palestine National Council, the unofficial Palestinian parliament in exile, ended a stormy session Sunday with the Palestine Liberation Organization reunited under Yasser Arafat after forcing him to bow to demands that he give up his special relationship with the Egyptian leader, Hosni Mubarak...

GENERAL NEWS South Korea's new opposition party starts in a kind of 'political vacuum.' Page 2. U.S. military personnel aided the contra 'ramp up' operation, investigators report. Page 5. BUSINESS/FINANCE United rejected a \$4.5 billion buyout by its pilots. Page 9.

هنگامین الأصل



One of a series of messages from leading companies of the world appearing during the IHT's anniversary year.



Of the international vocation and on its anniversaries...

For its quality and presence throughout the world, for the plurality of its viewpoints as well as the accuracy with which it captures and conveys current events with the speed and objectivity of true professionalism, the Herald Tribune is the standard of international vocation.

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The (Architects of Time) built an international reputation through a close association to the world of sports. Whether on the tennis courts of the Davis Cup or the golf courses of the Crans European Masters, Ebel is involved with prestigious international events as well as the finest athletes in their respective sports, such as Stephan Edberg, Boris Becker, Yannick Noah, Greg Norman, Bernhard Langer and Sandy Lyle. The Leonard Bernstein concerts organized in 1986 in commemoration of Ebel's 75th anniversary were extremely successful and brought Ebel closer to the cultural world. In 1987, Ebel will give particular meaning to the slogan (The Architects of Time) and celebrates the 100th anniversary of the birth of yet another international vocation, that of the architect Charles-Edouard Jeanneret, better known as (Le Corbusier). Ebel will open its Public Relations Center at Villa Turque, one of Le Corbusier's

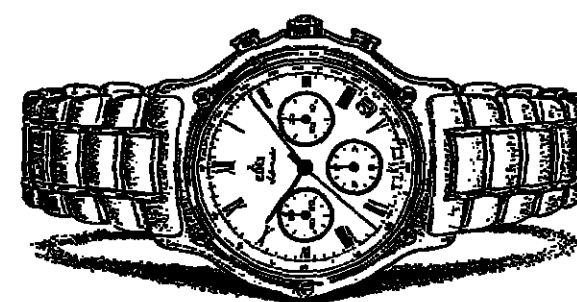


PIERRE-ALAIN BLUM

Chairman of Ebel, golfer, connoisseur of music, of film, avant-garde, a man of international vocation.

original designs, located in the city of his birth, La Chaux-de-Fonds, Switzerland.

Architecture will again play a major part in Ebel's plans with the opening of two boutiques, 2 Place Vendôme, Paris and 179 New Bond Street, in London. These boutiques will feature a full complement of each of the Ebel collections, the (Sports Line), (Beluga) as well as the newest variation, (1911). Exclusive to the Ebel boutiques will be François Herail's latest jewelry collections.



Chronograph, automatic, Steel and 18K Gold, water resistant 30 m.

U.S. Military Reportedly Helped With Contra Aid

By Fox Butterfield

WASHINGTON — The congressional committees investigating the Iran-contra affair have found evidence that U.S. military personnel in Central America actively helped the resupply operation for the Nicaraguan rebels despite a congressional ban on such aid, according to an official familiar with the investigation.

The assistance included refueling planes used by the private supply program and storing weapons and ammunition in U.S. military warehouses, the investigator said. There was no indication, however, that the officers and enlisted men who provided the aid did so under orders from Washington. Instead, they reportedly acted out of a widely held belief among U.S. military aid government personnel in the region that they were carrying out a policy established by President Ronald Reagan.

In addition, lawmakers now have traced the origin and use of almost all the money involved in the covert operations, except for a \$10 million donation reportedly made by Sultan Mudda Hassanah Balkiah of Brunei, according to an official knowledgeable about the investigation.

The investigators have concluded that the sultan's money may have been accidentally deposited in the wrong Swiss bank account. This reportedly was due to an error made in transmitting the account number by Elliott Abrams, assistant secretary of state for inter-American affairs.

Mr. Abrams has acknowledged that he was given the number of the secret Swiss account by Lieutenant Colonel Oliver L. North, the former National Security Council staff member.

A senator said Friday that the amount of money diverted from the Iran arms sales to the program supplying the Nicaraguan rebels, known as contras, was in the millions of dollars. But the senator said it was probably less than previous estimates, which ranged from \$8 million to \$30 million.

The new evidence of involvement of U.S. military personnel in helping the covert supply operation came from interviews that congressional investigators had with U.S. officers and enlisted men in Central America during the last few weeks, a legislator said.

During the interviews, the soldiers insisted that they believed they were carrying out Mr. Reagan's policy.

A sergeant related that he had regularly provided aviation fuel to planes used by the private resupply network when they landed at the airbase where he was stationed. "I don't ask whose plane it is," the sergeant said. "My job is to fill it up and get it out again."

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AMERICAN TOPICS

Oil States Are Hoping The Worst Is Over

After three years of steepening decline, most experts say the worst is over for the oil-producing states of Texas, Oklahoma and Louisiana. The New York Times reports. Some say the foundation for a modest recovery is taking shape.

Experts say any recovery will be gradual, rather than a return to the boom of the early 1980s. It will have as much to do with the national economy as with oil prices. And the areas most likely to recover are those with the least emphasis on oil.

Texas, the most economically diverse of the three states, has the best prospects. Oklahoma seems further behind. Louisiana, the most heavily dependent on oil, has the fewest positive signs and an unemployment rate of 14.3 percent, compared with 7.9 percent for Texas.

Short Takes

A bank manager absconded with nearly \$200,000 and left behind a list of pros and cons of his deed, the Federal Bureau of Investigation said. It reported \$161,000 in cash and \$37,000 in traveler's checks missing from a branch of Southeast Bank in Tampa, Florida, after David Hale Messer, 29, vanished, leaving behind a wife and 16-month-old son. Pros included "travel anywhere, live on islands, meet many women, party." Among the cons were "lots of loved ones, regret with no return possible, money won't last forever" and "if caught will go to jail."

Federal testing of cigarettes for tar and nicotine is ending after 21 years, the Federal Trade Commission has announced. It said the program cost about \$200,000 a year and duplicates information available from the tobacco industry. A spokeswoman for the American Lung Association said this hands the measurement of tar and nicotine over to the tobacco companies and "we certainly don't trust them." She said, however, that even at low tar and nicotine levels, "there is no safe smoking." A spokesman for the Tobacco Institute said, "The cigarette companies anticipate cooperating with the FTC and appreciate the confidence expressed by the agency."

Notes About People

President Ronald Reagan, after some of the usual kidding of himself in a recent speech for memory lapses and advancing age at 76, got in a dig about the \$1.3 million that Gary Hart, the former Democratic senator from Colorado, owes from his 1984 campaign for the presidential nomination. Mr. Reagan said that within four days of each other, "Texas declared bankruptcy, Senator Simon declared for the presidency and Gary Hart did both." Mr. Simon is an Illinois Democrat.

Oral Roberts, the television evangelist, got his \$4.5 million balance toward an \$8 million medical center after warning that God would take his life if contributions did not reach the goal. Mr. Roberts, 69, also got a lot of kidding. Bob Hope, 83, in one of his comic monologues, said, "I called the movie academy and said if I didn't get an Oscar, God was calling me home. They said, 'Have a nice trip.'"

Film Toughs Join Drive Against Vandals

The following is a condensed version of a New York Times dispatch by Wayne King: WASHINGTON — If you were in charge of the country's parks and other public lands, and a bunch of punks were trashing them, what would you do? Hire Clint Eastwood, of course. Make his day. That is what Interior Secretary Donald P. Hodel did. He also signed up Charles Bronson and Lou Gossett. Three toughest guys in America.



FROSTBUSTERS — Wearing a protective suit, Julie Lindemann, a technician with Advanced Genetic Sciences Inc., sprays a field of strawberries near Brentwood, California, in the first authorized outdoor test of genetically engineered bacteria, here intended to prevent formation of frost. Her suit is decorated with a takeoff of the symbol from the movie "Ghostbusters."

But before these guys move on anybody, they're gonna talk. On television spots. Talk about how unhip it is to trash the American greenery. And they're doing it free. Here is Bronson, for example. The screen says, "Charles Bronson isn't happy." Not happy. Get it? When Charles Bronson is not happy, it's like a pit bull with an earache. The news is ungood. Then Bronson himself appears with a look on his face like his car just got repossessed. "Someone who gets his kicks punching out flowers," he says in that voice like a dull razor blade, "shouldn't be too much of a match for us."

Clint Eastwood says he finds messing up the parks "unacceptable." Get it, Jack? "Unacceptable." Lou Gossett is "annoyed." Hey, clowns. Annoyed. The Interior Department says the ads are aimed at putting a "social stigma on those who might abuse public lands." Social stigma. How about a bent frame? — ARTHUR HIGBEE

Lawmakers Vow Fight On U.S. Aid To Pakistan

By Elaine Sciolino

WASHINGTON — Congressional advocates of nuclear nonproliferation have promised a floor fight to reject an aid package for Pakistan that was approved by the Senate Foreign Relations Committee despite U.S. intelligence reports that Pakistan is producing weapons-grade uranium.

Members of Congress acknowledged Friday, however, that they had little chance of winning enough support in the full House and Senate to rescind the aid.

By an 11-8 vote Thursday, the foreign relations committee approved a \$4.02 billion, six-year aid package for Pakistan that would start in the 1988 fiscal year, which begins Oct. 1. The vote was widely seen as being influenced by Pakistan's support for the anti-Soviet insurgents in Afghanistan.

"When you have two global concerns like this in conflict, anti-Communism will always overwhelm and drown nonproliferation," said Senator Alan Cranston, Democrat of California.

"This was an unfortunate and simplistic way of dealing with the problem," he said. Senator Cranston was a co-sponsor of a plan to withhold \$100 million of the \$625 million in aid proposed for fiscal 1988 unless Pakistan stopped producing weapons-grade nuclear material.

Senator John Glenn, Democrat of Ohio, said that when the bill came to the Senate floor he would call for suspending military aid unless the administration could give "reliable assurances" that Pakistan had stopped making weapons-grade nuclear material.

Anti-proliferation advocates in the House, which in an earlier vote failed to cut aid to Pakistan, also vowed to press the issue when the foreign aid bill comes to the floor.

Availability of Guns Cited In U.S. Multiple Murders

By Matthew L. Wald

BOSTON — Multiple murders of strangers, like the one last week in Palm Bay, Florida, are not unique to American society. But the incidents in the United States often involve more victims because guns are readily available to a pathological individual with an urge to express a murderous rage, experts say.

The 60-year-old unemployed man who killed six persons Thursday and wounded 10 with a rifle at two shopping centers in Palm Bay was described as a loner who taunted children and displayed his gun.

"Other societies may have lots of frustrations, people who lose their jobs, but they don't have the gun around," said Jack Levin, a sociologist.

Dr. Park Elliott Dietz, professor of law and psychiatry at the University of Virginia, said, "In order to be a successful mass murderer in America, one has to have hardware."

Mr. Levin and James A. Fox, a criminologist, who together wrote a recent book on mass murder, said that several trends in American culture, including divorce and rootlessness, contributed to the loosening of social controls that might otherwise restrain a violence-prone individual.

But the explanation for particular crimes lies basically in individual circumstances. In their book, "Mass Murder: America's Growing Menace," Mr. Levin and Mr. Fox, both professors at Northeastern University in Boston, listed four threads common to mass murderers.

The killer, they found, has usually had "a life of frustration," as Mr. Levin put it in an interview. "He may be a victim of abandonment as a child, or a physical handicap, deformity, poor grades or low intelligence."

There is also usually a precipitating event, like loss of a job or a divorce.

Usually, the killer is familiar with guns, and is a military veteran, a hunter or a target-shooting enthusiast.

But the pair found another factor they thought was peculiar to the United States, which they called a "breakdown in social controls."

"In most of these cases," Mr. Levin said, "these people didn't have others around to stop them, and to get them through bad times, either because they lived alone, or they had recently pulled up roots and moved."

American society, he said, experienced a breakdown in internal controls during the 1960s and early 1970s when "we were admonished not to feel excessively guilty."

While the trend may have been healthy or at least unhelpful for the majority, he said: "We may have created a few more people at the extreme, who didn't feel guilty to begin with. Put that together with the breakdown in external controls, and you've got dynamite."

But the experts cautioned that many thousands of individuals appear to fit the profile of a mass murderer, and most of them never turn to violence. The reasons that a few do is little understood.

"Every neighborhood has them," said Mr. Fox. "They say, 'He doesn't like people, he'll shoot you.' There are many people who will fit that bill, but we can't go and round them all up. You'd arrest thousands just in New York City."

Duarte Appeals to U.S. Over Immigration Law

By Robert Pear

WASHINGTON — The president of El Salvador, alarmed about the new U.S. immigration law, has appealed to President Ronald Reagan to give temporary refuge to Salvadorans living illegally in the United States.

In a letter to Mr. Reagan, President José Napoleón Duarte said that if large numbers of Salvadorans were returned home under a provision of the new law, it would be disastrous to El Salvador's economy.

Key State Department officials, who have opposed efforts by liberal Democratic members of Congress to suspend the deportation of Salvadorans, said they supported the request from Mr. Duarte.

Attorney General Edwin Meese 3d, who has the primary responsibility for enforcing immigration laws, is expected to oppose Secretary of State George P. Shultz in this first major conflict between U.S. foreign policy and the new statute.

Senator Alan K. Simpson, Republican of Wyoming, who shepherded the immigration bill through Congress, said he would resist Mr. Duarte's request. For the State Department to support it, he said, is a "bizarre twist."

The new law, the Immigration Reform and Control Act of 1986, offers legal status, or amnesty, to illegal aliens who can prove that they entered the United States before Jan. 1, 1982, and have lived in the country continuously since then.

Mr. Duarte said that "some 400,000 to 600,000 Salvadorans have entered the United States illegally since January 1982" and thus would not qualify under the amnesty program.

He said his country was experiencing "a severe economic crisis" because of seven years of civil war and the earthquake that left 300,000 people homeless in October.

Mr. Duarte said that the return of Salvadorans from the United States "would reduce drastically the amount of money received by poor Salvadoran people in remittances from relatives now working in the United States."

some place between \$350 million to \$600 million annually," Mr. Duarte wrote, "and is thus larger than the United States government's assistance to El Salvador."

He urged Mr. Reagan to let Salvadorans remain in the United States "until the economic situation has improved" in El Salvador.

Elliott Abrams, the assistant secretary of state for inter-American affairs, is a leading supporter of Mr. Duarte's request.

Some members of Congress and human rights advocates assert that hundreds of civilians were killed in the last year in El Salvador by government security forces, death squads affiliated with them and leftist guerrillas opposed to the government.

They oppose the deportation of Salvadoran refugees on the ground that they would face persecution if they were returned to El Salvador.

Bills to defer the deportation of Salvadorans have been introduced by Representative John J. Moakley of Massachusetts and Senator Dennis DeConcini of Arizona, both Democrats.

Chile May Close Detention Centers

By Robert Pear

SANTIAGO — The 11 detention centers operated by Chile's secret police would be closed under a law proposed by President Augusto Pinochet, the government newspaper La Nación said reported.

The secret police would still have powers of detention but suspects would have to be held in normal prisons, the paper said Saturday. General Pinochet said Friday he would send draft legislation to the ruling military junta, revoking a law giving the National Information Center the right to arrest and hold suspects.

The center, set up in 1977, frequently has been accused by human rights officials of torturing detainees. Some human rights lawyers said Saturday that it was unclear whether the proposed law amounted to an outright ban on the holding of suspects by the center. In the past, suspects have been held up to two weeks before being handed over to military tribunals.

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INTERNATIONAL POSITIONS

You will find below a listing of job positions published last Thursday under the rubric International Positions.

TITLE	SALARY	EMPLOYER
BUSINESS DEVELOPMENT MANAGER		European manufacturer of engineering thermoplastics.
SENIOR APPLICATIONS ANALYST-TECHNICAL	Competitive	ABU DHABI NATIONAL OIL CO.
VP FINANCE & ADMINISTRATION	\$100,000	An Int'l investment & motion picture production company.
TAX DIRECTOR	Excellent	WANG.
SENIOR ACCOUNTANT		A real estate & building group.

If you haven't seen last week's INTERNATIONAL POSITIONS rubric, please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBUNE, 92521 Neuilly Cedex, France. Tel: (1) 46.37.93.81. Telex 613995

TAMILS: Sri Lanka Rift Widens

(Continued from Page 1)

Dutch and the British erased political lines and blurred cultural differences but did not blot out the years of separateness.

Sri Lanka, which was ruled by Britain as Ceylon until it won independence in 1948, today is a country where about 75 percent of the people are Buddhist Sinhalese with a culture dating to the fourth and fifth centuries A.D.

Michael Roberts, a native Sri Lankan now at the University of Adelaide, in Australia, wrote in a study of the Sinhalese a decade ago: "The history of the island has bequeathed to the Sinhalese a vision: their role as a chosen people destined to preserve Buddhism in its pristine purity in the island bastion."

This is a vision not shared by the Hindu Tamils, the other major group in Sri Lanka, whose kingdoms, mostly in the north but also stretching to the east, date back several hundred years. With a favored position during colonial rule due to educational advancement, theirs is the view of the minority suddenly finding its position eroded by a newly assertive majority.

Yet the Tamils, with 18 percent of the total population of about 16 million, are not all of one mind, except perhaps when the pressure is heaviest from the Sinhalese majority.

The so-called northern Tamils of the Jaffna Peninsula, more than one million strong, are divided along caste lines. The Tamils in the east often feel as if the Jaffna Tamils do not count them as equals. The 100,000 or so Tamils of Colombo are yet another group, as are the 1.5 million so-called Indian Tamils.

The Indian Tamils, who were brought to Sri Lanka during British

times as laborers, now mostly live around the tea estates in the mountainous center of the country, separated by territory and background from the other Tamils. Making up about one-third of the total Tamil population, so far they have stayed aloof from the strife in the rest of the country.

In times of tension, many of these differences seem to blur.

A Tamil businessman who has contacts with important people in government says there is growing despair among many in Colombo, but especially among the Tamils, who complain they are not given jobs because of their ethnic background.

During a break in the curfew that was declared in Colombo to try to prevent a backlash against Tamils from Tuesday's bus bombing, a former journalist who lost jobs, apparently because of his ethnic background, said: "There used to be days of equality. These are days of inequality."

Since the riots in 1983, the Tamil population of the city has dwindled to about 100,000 today, from 160,000.

For all their despair, these well-educated and well-placed Tamils normally do not hold great attachment to the young guerrillas who have swept aside the more established Tamil leadership.

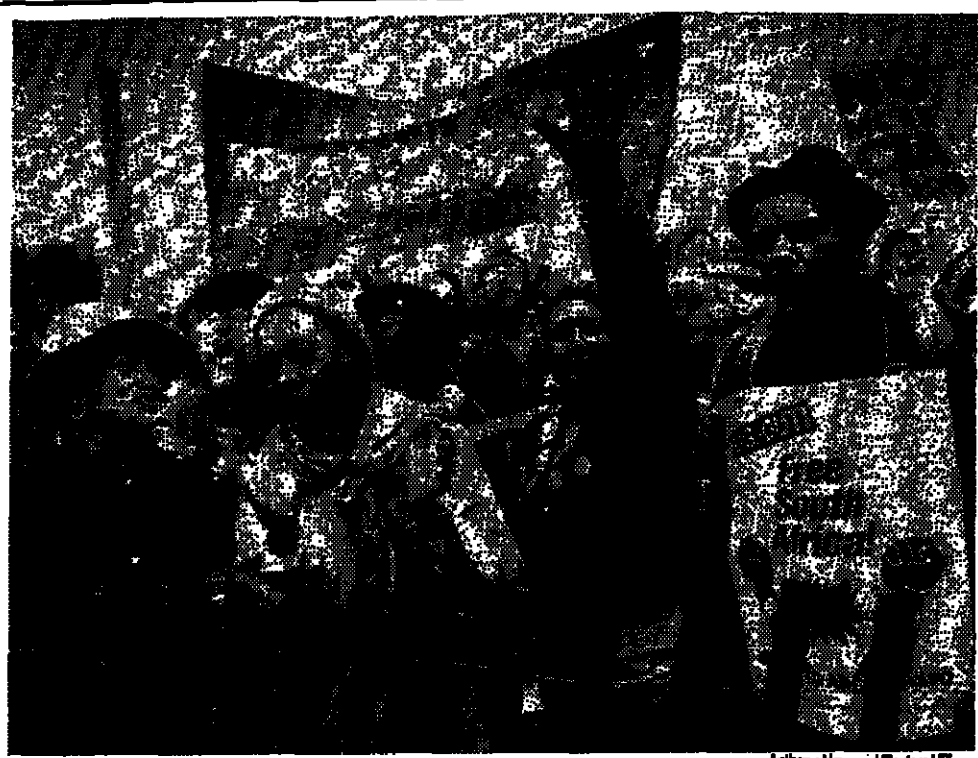
They also recognize that it was the youngsters with the guns who came to symbolize growing Tamil disenchantment and who protected Tamil lives during a period when a relatively undisciplined army often committed human rights violations.

Now it is the youngsters with the guns who are in a desperate struggle with the government's increasingly strong military and police. When tensions build other Tamils find they cannot remain immune.

The government decision to bomb guerrilla bases in the Jaffna Peninsula will bring the point home even more. Most of the bases are in built-up areas of Jaffna City or in villages spread across the peninsula.

China Executes 5 Murderers

BEIJING — Five men were executed Saturday after being sentenced here in separate murder cases, the Beijing Ribao reported Sunday.



ANTI-REAGAN MARCH IN WASHINGTON — Demonstrators at a march in Washington, called to protest Reagan administration policies in Central America and South Africa. About 75,000 participants marched from the White House to the Capitol.

IMAGE: U.S. Presidential Candidates Compete to Display Emotional Sides

(Continued from Page 1)

ried in New Hampshire as he defended his wife over an unflattering newspaper article in The Manchester Union-Leader.

By contrast, when Mr. Hart lost his composure on a recent visit to his hometown of Ottawa, Kansas, his staff was thrilled with this "humanizing" moment. While talking about his parents, Mr. Hart's eyes filled with tears and his voice quavered.

On the "60 Minutes" television program last month, Mr. Bush passionately defended himself against those who have called him a "wimp" and "a lap dog," and talked about the death of his 3-year-old daughter, Robin, from leukemia in 1953.

In an interview with Vanity Fair magazine, Mr. Dole spoke moving-

ly and candidly about his disabled arm and hand, about the patience needed each day to tie his shoes, thread his cuff links and button his shirt.

On the "Today" show, Senator Joseph R. Biden Jr. talked publicly for the first time about the 1972 automobile accident that killed his first wife, Neilia, a schoolteacher, and his baby daughter.

"I think it was unfortunately the most graphic demonstration in the world for me as to how little control one has over their lives and their destiny, how much a rote fate plays, and how vulnerable we all are," he said. "At the time I didn't think of any of that, I just felt rage, absolute rage, anger."

Recalling a time when Hubert H. Humphrey was portrayed as "an open Washington joke" because he

cried so easily, Representative Morris K. Udall, an Arizona Democrat, thinks the evolution is healthy.

Mr. Udall, who is completing his 26th year in the House, credits a cultural change in the country, a shift that is reflected in the new breed of sensitive but masculine men featured on several hit television shows.

"There's no longer the old frontier where grown men don't cry," he said. "And there's a lot more openness about personal relationships."

Others find the trend more synthetic. "It looks like the political consultants are writing tears into the script in a conscious effort to go for sympathy, some quite crudely," said Michael Kinsley, editor of The New Republic magazine.

NUCLEAR: Chernobyl Lessons

(Continued from Page 1)

dent is precluded in the United States because of design differences, although, of course, that does not rule out accidents of other types."

A report on the Chernobyl disaster issued this month by the Atomic Industrial Forum, an American industry group, said:

"The Soviet accident has had little technical impact on civilian nuclear technology in the West. After a year of intensive analysis, government and industry experts are convinced the Soviet design is not relevant to Western nuclear programs, because the design of the Chernobyl-type reactor is unique."

Nevertheless, American reactors have had their share of problems. For example, on March 31, the Peach Bottom station at Delta, Pennsylvania, was closed after federal inspectors found evidence that operators had been sleeping at the controls.

Virtually all American commercial reactors are light-water reactors, of a type in which ordinary water serves both to carry useful heat away from the reactor and to

moderate, or slow down, neutrons produced by the nuclear reaction, thereby using them to maintain a controlled chain reaction.

By contrast, the graphite-moderated type of reactor at Chernobyl and some other Soviet stations uses water to carry away heat, but moderates neutrons by a gigantic honeycomb of graphite in which the uranium-bearing fuel rods and their water jackets are embedded.

When such a reactor is operated at low power, in what is called an unstable mode, it can be easily tripped into a runaway reaction of the kind that brought about last year's disaster. In an experiment that led to the accident, the Chernobyl operators had deliberately throttled the reactor back.

Anti-Nuclear Protests

Dutch riot policemen fought Sunday with up to a hundred anti-nuclear demonstrators who broke through a security fence surrounding the blockaded nuclear power plant at Borssele, the Netherlands. The Associated Press reported from Borssele.

Twenty-nine policemen were injured and 10 demonstrators were treated at a medical station in the nearby protest camp. No arrests were made, according to the police in the southern Netherlands community.

The protest, marking the first anniversary of the Chernobyl disaster, started Saturday and ended Sunday afternoon.

In other protests marking the Chernobyl anniversary:

- More than 4,000 protesters staged a rally Sunday at a nuclear reprocessing plant being built at Wackersdorf, West Germany. Organizers said that 6,000 people took part. The police put the number of participants at 4,500. There were no reports of trouble. Smaller rallies took place in several cities, including Hamburg, West Berlin and Cologne.
- About 3,000 anti-nuclear activists marched Sunday through the streets of Thionville in northeastern France to protest the nearby Cattenom nuclear plant. (AP)
- Japanese anti-nuclear activists held rallies across the country on Sunday. In Tokyo, some 1,000 people gathered in a park, and similar rallies were held in Osaka, Kyoto, Awamori and Saga. In Saga, about 70 people gathered in front of a nuclear power plant and released balloons. (AP)
- Police in Sweden arrested six anti-nuclear protesters during demonstrations Sunday outside nuclear power plants. (Reuters)
- In London, a crowd estimated at 50,000 by the police and 100,000 by organizers marched from Victoria Station to Hyde Park. (AP)
- In Caorso, Italy, 50,000 demonstrators joined hands between a nuclear power plant and a military airport. (AP)

PLO: Arafat Re-elected

(Continued from Page 1)

Sunday reiterated all the PLO's most radical positions. These include the demand for a sovereign Palestinian state with Jerusalem as its capital.

Mohammed Abbas, known as Abu Abbas, who was convicted in Italy of masterminding the 1985 Achille Lauro ship hijacking, kept his position on the PLO's executive committee despite a prediction by Arafat loyalists that he would be removed.

Israel Looks to Moderate

Israeli officials said Sunday that the PLO's hard-line policies might have cleared the way for talks between Israel and moderate Arabs. The Associated Press reported from Jerusalem.

An Israeli official, who asked not to be identified, said the resolutions in Algiers, coupled with recent anti-Israel guerrilla attacks, showed that "the PLO has taken itself out of the peace efforts being made in the area" and that "the best way to proceed now is with Jordan, Egypt and Palestinians who are not members of the PLO."

Israel's foreign minister, Shimon Peres, has been campaigning for talks with Jordan and non-PLO Palestinians in the framework of an international conference on Middle East peace.

U.K. Strikers Vote To End a Sit-In At Tractor Plant

LONDON — Strikers at a tractor plant near Glasgow that is scheduled to be closed by Caterpillar Tractor Co. of the United States voted Sunday to end their occupation of the factory after more than three months.

A meeting attended by 700 of the plant's 1,200 workers approved an agreement reached with management Thursday. Production is to resume Monday.

The agreement calls for the establishment of a working group of representatives from both sides. The group has been given until Oct. 16 to find a buyer for the factory.

The company has promised that there will be no job losses before that date. Workers began their occupation Jan. 14 after Caterpillar said that it planned to close the plant and furlough the entire work force.

Separately, at a Glasgow rock concert in support of the Caterpillar workers on Sunday night, a 16-year-old youth was killed and two were injured in a brawl.

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France	FF.	1,500	820	450
Germany	D.M.	980	520	275
Great Britain	£	130	72	40
Greece	Dr.	22,000	12,000	6,000
Ireland	£Irl.	130	82	45
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Netherlands	R.	650	360	198
Norway	N.Kr.	1,600	950	540
Portugal	Esc.	22,000	12,000	6,000
Spain	Pes.	29,000	16,000	8,000
Switzerland	S.Fr.	1,200	650	340
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Rest of Africa, Gulf States, Asia	\$	580	320	175

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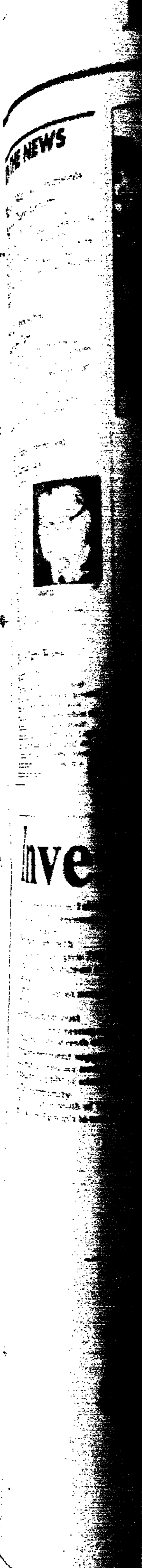
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27-4-87



Taiwan: Coming of Age

IN THE NEWS

May 21, 1986: Governments Agree on Plane Return

Taiwan and Beijing initial their first accord in 37 years as they formally agree on the return of a Taiwanese cargo plane and two crew members held in China. The China Airlines Boeing 747 jet, a Taiwan-based carrier, was diverted to the mainland by a defecting pilot.

Sept. 28: Opposition Establishes Party

The Taiwan opposition defies martial law and sets up a party to contest the December legislative elections. The Democratic Progress Party, established by 135 members of the loose opposition alliance known as the Tangwai, which operates outside the three approved political parties, nominated 42 candidates to run for parliament.

Oct. 15: Plans Approved To Lift Martial Law

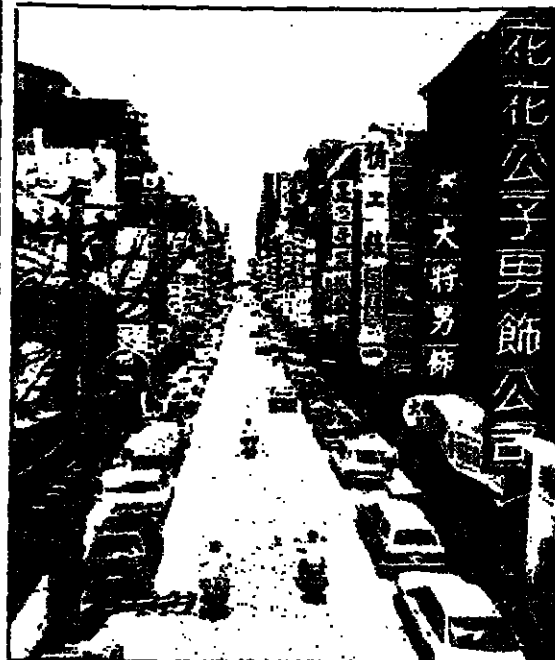
Following statements by President Chiang Ching-kuo to initiate political change, Taiwan's ruling party approves plans to lift martial law decrees and agrees to reforms allowing individuals to set up new political parties. The emergency decrees had been in effect since the ruling Kuomintang fled mainland China just before the Communist victory in 1949.



Chiang

Dec. 7: New Party Wins A Quarter of Vote

The Democratic Progress Party does well in legislative elections to two central government bodies. The opposition party won nearly a quarter of the overall vote while the Kuomintang, or Nationalist Party, maintained significant margins in both the Legislative Yuan, the lawmaking body, and the National Assembly, which oversees constitutional amendments and elects Taiwan's president and vice president.



Photos by Christine Pemberton/Muchuan Library

'Although Western ideas are gaining acceptance, Chinese culture is still the strongest influence.'

Change in Foreign Policy Proceeds Slowly

By Chen Hao

TAIPEI — Although the political agenda has assumed an added urgency since last December's legislative elections, foreign policy appears to have been little influenced by Taiwan's social and political evolution.

When Taipei officials negotiated the return of a jetliner diverted to mainland China last year, in its first formal contact with Beijing, many viewed it as a harbinger of a potentially significant shift in the Kuomintang's long-established policies toward the People's Republic and, by extension, its overall international role.

But many analysts have come to view the talks held

in Hong Kong last May as an isolated incident.

"The political reforms taking place here have been widely recognized in the West and may help improve our international image and our relationship with the United States," said a deputy foreign minister, John H. Chang.

"But in the short term, there is no urgent drive to make drastic changes in the field of foreign policy, as many people had expected."

The absence of new developments in foreign policy in part reflects a lack of significant opportunities for policymakers, local and foreign analysts point out. But neither has Taipei advanced far toward resolving the one important issue that has emerged in recent months: its membership in the Asian Development Bank.

While it is a charter member of the Manila-based institution, and a net lender to it, Taiwan's presence in the bank was thrown into question when mainland China was invited to join it in February 1986.

Although Taipei has since boycotted the bank's activities, those urging a more open foreign policy used this boycott to mollify conservative officials, thus averting a complete withdrawal from the only major multilateral body of which Taiwan is still a member.

Nonetheless, the government elected not to attend the bank's annual meeting in Osaka, Japan, this month, citing its dissatisfaction with its new designation.

Continued on page III

A Country in Transition

Reform Drive Loosens Reins On Politics

By Patrick L. Smith

HONG KONG — It has been little over a year since President Chiang Ching-kuo set in motion a series of reforms intended to modernize Taiwan's political system. While many analysts immediately recognized the far-reaching implications of Mr. Chiang's proposals, few anticipated the transformation that has since swept this traditionally ruled island state.

No other East Asian nation has been as politically stagnant in recent years. Yet none now matches the pace at which Taiwan is moving toward a more democratic form of government and the relative calm with which this process is unfolding.

Martial law, which has been in force since the ruling Kuomintang, or Nationalist Party, fled the mainland before the Communist takeover in 1949, is now expected to be lifted within the next several months. The government also intends to make its three legislative bodies more representative and to give greater autonomy to provincial and municipal administrations.

These are among the measures that the president outlined when he signaled his liberalization drive in March 1986. Since then, he has moved toward reform of the national judiciary and is expected soon to lift restrictions on the number of newspapers published in Taiwan and the size of the 31 dailies that are currently licensed.

More significant than any of these steps, however, has been the Kuomintang's unofficial acceptance of its opponents in recent months. In defiance of a martial law ban on new political organizations, the ruling party's loosely allied adversaries formed the Democratic Progress Party last September.

The party's appearance marks the first time native-born Taiwanese, who make up the majority of the island's 19.4 million residents, have been permitted an organized political vehicle since the Kuomintang, which is dominated by mainlanders, established its authority here. In elections last December, the Democratic Progressives won a small but significant foothold in the Legislative Yuan, which is the lawmaking body.

The new party has catalyzed the local political environment, particularly since the legislature convened its first session of the year in February. More than anything else, the party has begun to erode the long-accepted view of government in Chinese society as a distant, unapproachable authority that is beyond questioning by its citizens.

Protests by one special interest group or another — farmers, mer-

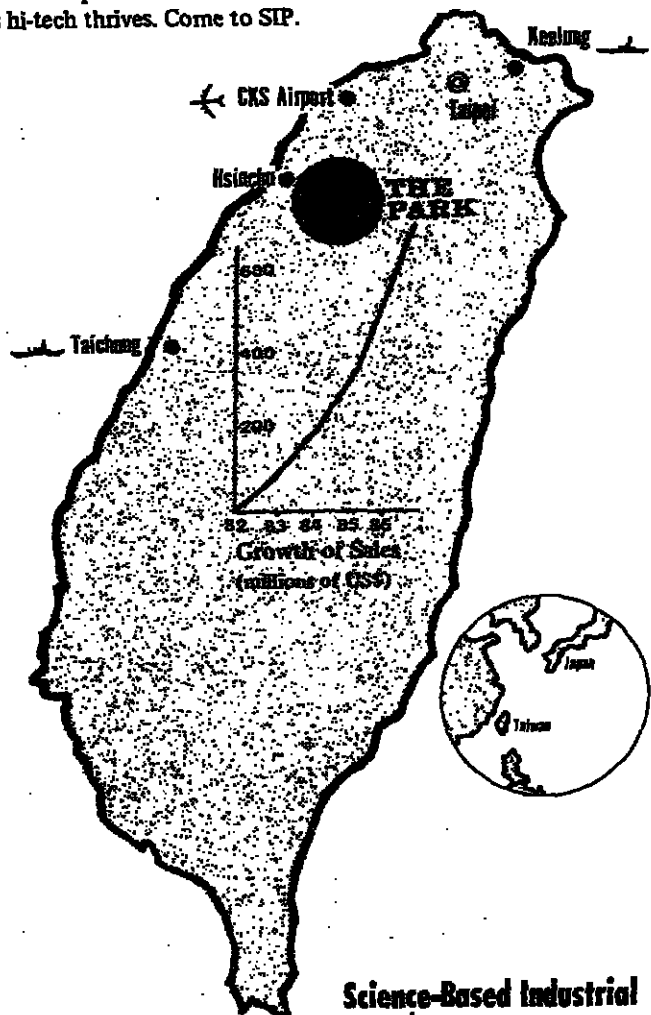
Continued on page VI

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Relations With U.S., China

Trade, Politics Keep the Pressure On

By Robert A. Manning

WASHINGTON — A combination of developments in China and Taiwan and in U.S. relations with both nations poses new problems for Taipei. While there is no immediate threat, the conflict between U.S.-Chinese relations on the one hand and Washington's commitment to Taiwan's security on the other — as well as U.S. human rights concerns — continue to loom as long-term factors that could unsettle the delicate balance.

Interviews with U.S. officials, congressional staff members and Taiwan activists point to continued pressure on Taipei over issues of trade and the country's fledgling democratization process.

Several new elements have entered the equation in recent months. They include the political crackdown by Beijing, nascent pluralism in Taiwan after December's legislative elections and the Democratic Party's gaining control of both houses of the U.S. Congress in November.

The most immediate issue for Taipei is the threat of U.S. protectionism. In 1986, the United States had a \$13.5 billion trade deficit with Taiwan, and pending U.S. legislation could jeopardize Taipei's export-dependent economy. Both U.S. and Taiwanese officials say the trade disputes can be resolved and are unlikely to spill over into the political realm.

Moreover, U.S. officials and congressional analysts say that recent political developments will have only a marginal impact on U.S. policy toward China and its extension, if unofficial, ties to Taipei.

The ascendancy of supporters of democracy in Taiwan to key positions of power in Congress may prove the most nettlesome for Taipei.

These lawmakers include Senator Claiborne Pell, a Rhode Island Democrat and the new chairman of the Foreign Relations Committee, Senator Edward M. Kennedy, a Massachusetts Democrat, and Represen-

tative Stephen J. Solarz of New York, also a Democrat. They have been ardent backers of Taiwanese forces urging self-determination for the island state and they now face the dilemma of how to balance that concern with the stability of U.S.-Chinese relations.

Both Beijing and Taipei claim that Taiwan is part of China and seek reunification on their own respective terms.

The Reagan administration appears sanguine that its finely tuned balance is not in jeopardy. The United States severed official ties with Taiwan when it normalized relations with Beijing in 1979, but continues to maintain large-scale unofficial contacts.

As a State Department official said,

plies has often been contested by Beijing. The United States has resisted Taipei's requests for either the F-20 or F-16 advanced fighter plane.

However, last year, following U.S. approval for a \$550 million deal to provide advanced avionics for Beijing's F-8 fighter, the United States did permit private defense firms to help Taiwan build a new all-weather fighter, over Beijing's objections. U.S. officials deny that this reflected any shift in policy. But analysts in Washington say it enabled the United States to straddle the fine line between the 1982 communiqué and the Taiwan Relations Act.

Taiwan is viewed by Beijing as a major obstacle in U.S.-Chinese ties. That this is a

dence of Beijing's heavy-handed threats.

Taipei also faces pressures from the other direction. In Washington, a coalition of liberals favoring self-determination for Taiwan is growing and is aligned with rightist pro-Taiwan supporters. Analysts say that Taipei's moves toward democracy have renewed conservative support for Taipei as well as energizing liberal rights activists.

A delegation from the Democratic Progressive Party, which gained 23 of 152 contested seats in Taiwan's legislature in December, was well-received during a February visit to Washington. The group was reportedly sounded out — through an intermediary — about a meeting with Beijing's ambassador to the United States, which it declined.

Perhaps the most striking example of such sentiment was a speech given by Mr. Pell on Feb. 23, expressing support for self-determination. He said, "If the Taiwanese people freely vote for independence, the world should respect their judgment."

While the liberal lawmakers are pressing for political change in Taiwan, they are careful not to disrupt U.S.-Chinese ties.

Even Peng Min-min of the Formosa Association for Public Affairs, the main pro-democracy lobby, said, "Congressmen are careful to draw a line between democracy and independence." Mr. Peng said his group's strategy is to press for more democratization and play down the independence issue, which is anathema to Taipei and Beijing.

Even so, trade tensions with the United States, urged from Washington for political change and from Beijing for reunification add up to a steady stream of pressure on Taipei for the foreseeable future.

ROBERT A. MANNING is a diplomatic correspondent in Washington for U.S. News and World Report.

The most immediate issue for Taipei is the threat of U.S. protectionism.

"The Taiwan issue has been institutionalized."

An August 1982 U.S.-Chinese joint communiqué devised a formula couched in carefully ambiguous language that continues to be a source of U.S.-Chinese friction. In exchange for Beijing's pledge to pursue peaceful reunification with Taiwan, the United States, the communiqué said, would limit the quantity and quality of arms sales to Taiwan to 1980 levels and phase down military aid.

But Washington must also abide by the Taiwan Relations Act, which commits it to meet Taiwan's security needs. Since 1983, U.S. arms sales to Taiwan have shrunk by \$20 million a year from a high of \$780 million. Last year, they totaled \$700 million.

How the United States has defined, for example, the quality of weapons it sup-

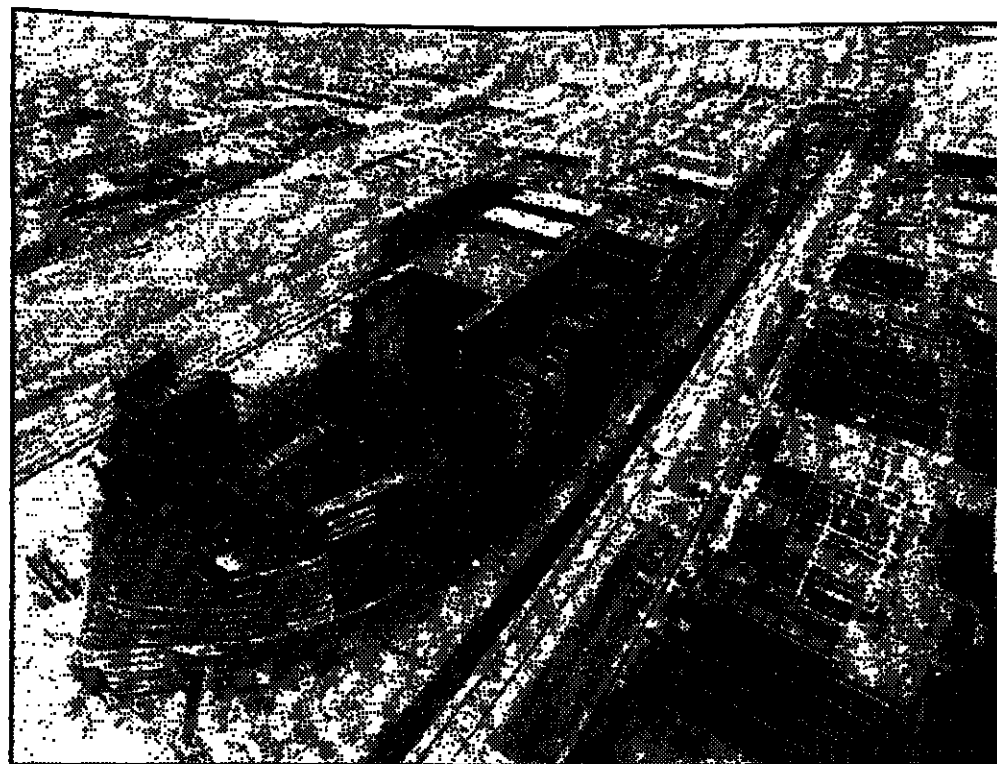
porting has often been contested by Beijing. The United States has resisted Taipei's requests for either the F-20 or F-16 advanced fighter plane.

Reaffirming U.S. support for a peaceful resolution of the Taiwan issue, Mr. Shultz welcomed "developments such as indirect trade and increased human contact, which have contributed to a relaxation of tension." He added that U.S. policy "seeks to foster an environment in which such developments can continue to take place."

Beijing viewed the speech as a tilt in its direction. But Washington has resisted Beijing's requests to press Taiwan on reunification. U.S. officials say the Shultz speech was carefully crafted to appear more forthcoming while not actually altering the U.S. position.

To Taipei, however, the speech was evi-

Lefort/Sygma



A cargo vessel under construction in a shipyard at the port of Kaohsiung.

Booming Port Is Growing

By Patrick L. Smith

KAOHSIUNG — The untamed pace of this semi-tropical city, the main streets of which are lined with travelers' palms and flowering bushes, belies its importance as one of the world's largest and most sophisticated ports.

Like the economy as a whole, Kaohsiung's growth has been explosive over the past two decades, and like Taiwan's two largest cargo lines, the Evergreen and Yang Ming groups, the port today is a measure of the island's increasing prominence in activities other than manufacturing.

In addition to handling almost three-quarters of Taiwan's import and export traffic, Kaohsiung is rapidly assuming a role as an intermediate point between many smaller Asian ports and the region's markets in the United States and Europe.

For their part, Evergreen and Yang Ming are already among the world's leading shipping lines. Their continuing expansion, particularly as other lines struggle in a troubled industry environment, reflects a steady shift among shippers toward the more competitive carriers in developing countries.

In many respects, Kaohsiung's

growth has gone hand in hand with that of the two domestic lines, whose dominance here is readily apparent. But the privileged position occupied by Evergreen and Yang Ming — the latter of which is government owned — is now being challenged as part of the broader U.S. effort to compete in Taiwan's services sector.

Severely damaged by Allied bombing in World War II, Kaohsiung (which is pronounced GOW-shung) was unable to mount its first major modernization plan until 1958. Eleven years later, the port docked its first freight container.

Growth has tracked the economy ever since. Two years ago, Kaohsiung overtook Kobe, Japan, as the world's fourth largest port in terms of 20-foot (6-meter) equivalent units, or TEUs, which measure traffic volumes by converting container freight into standard units of 20 feet. It now ranks behind Rotterdam, New York and Hong Kong by this measure.

"We've gone from zero to the top in 18 years," said Ma Shin-i, the deputy director of the Kaohsiung Harbor Bureau. "Hong Kong is now our only competitor in Asia."

That is not quite the case. Reflecting the port's increasing prominence in East Asia, transshipments now account for a

quarter of total container traffic, putting Kaohsiung in direct competition with Singapore and other Southeast Asian shipping centers.

Although Kaohsiung is well-situated astride the region's main shipping lanes, Rear Admiral Ma, who served in the Nationalist navy before assuming his duties here, cannot offer transshipment services to those trading with the mainland. As mainland China modernizes, political considerations may prove a severe limitation on the development of Kaohsiung's transshipment activities.

Nonetheless, the port is now midway in an expansion program that many shipping analysts believe will make it the world's busiest. Annual handling capacity is expected to double to 100 million tons by 1991, when its fourth container terminal is to be completed. Terminals five and six, which will triple current capacity, are already being planned.

As a result of expansion programs at Evergreen and Yang Ming — their combined capacity grew by 40 percent last year — Taiwan already ranks as the world's third largest shipper of containerized freight. Evergreen, which was founded in 1968 by a former sea captain, became the global leader among lines last year; Yang Ming is in the top 10 and climbing.

The two lines will take delivery of four and six new vessels, respectively, over the next two years.

The advantages enjoyed by these and other Third World carriers are evident. Manning levels are a third lower than they are for, say, a ship registered in the United States. Wage differentials are the same as they are in industry as a whole.

In 1985, the latest year for which results are available, Evergreen reported net profits of \$82.5 million on revenues of \$1.2 billion. A drop in freight rates is believed to have reduced margins significantly in 1986.

But lower cost structures are only part of the picture, according to independent shipping analysts. Both lines enjoy favored treatment from government corporations that ship or receive cargoes, which helps them maintain dominant positions in the Taiwan market.

Taiwan Aide in U.S. Knows His Americana

WASHINGTON — The black limousine parked in front of a gleaming new eight-story steel and glass building near northwest Washington's Tenley Circle does not have diplomatic license plates. Nonetheless, it belongs to one of the city's most active and well-regarded diplomats, Frederick F. Chien, head of Taiwan's quasi-embassy here, the Coordination Council for North American Affairs.

The council's move last autumn from an outlying suburb is perhaps symbolic of Taiwan's enhanced, if unofficial, presence in Washington.

Still, Mr. Chien has his work cut out for him. Not only does he battle against Washington's relationship with Beijing and the nonrecognition of Taiwan, but his nation's economic success has helped spur a trend far more threatening to Taipei than its political isolation: mounting protectionism in the United States.

The 51-year-old diplomat is one of a new breed of less ideological technocrats gaining prominence in the ruling Kuomintang. A former translator for Chiang Kai-shek with a Ph.D. from Yale, Mr. Chien is typical of a new generation of Kuomintang mandarins.

Since he took his present post in 1983, he has impressed audiences, peppering his conversation with bits of Americana that put any group here at ease.

"He's very effective," said a U.S. official. "He understands both the ways of Washington and Americans very well, and he's broadened his range of contacts beyond the 'Free China' faithful." The official added, "It's a big difference from the old geriatric KMT generation."

Mr. Chien's polish long fueled speculation in both Washington and Taipei that he will eventually be named foreign minister.



Frederick F. Chien

With a staff of about 200 in Washington and 11 offices of the Coordination Council for North American Affairs across the United States, including seven full-time representatives assigned to Congress, Mr. Chien is well-equipped to meet the challenges facing Taipei. By far the most immediate is the protectionist threat.

The \$13.5 billion U.S. trade deficit with Taiwan in 1986 was Washington's fourth largest trade shortfall after those with Japan, Canada and West Germany. "The administration," said Mr. Chien, "has taken a tough stance, asking us to open markets and buy American."

Mr. Chien said trade issues "consume

four-fifths of my time." In Capitol Hill lobbies and speaking engagements around the country, he seeks to persuade businessmen and opinion makers that Taiwan is not the culprit.

"We're being blamed for our success," he said. "We tried to emulate the U.S. Having done that successfully, are we now going to get punished for it?"

The current U.S. focus on Japan has taken the heat off Taiwan, he said. Mr. Chien hopes that this, along with waves of Taiwan "buying missions" to the United States and Taiwan's moves to curb counterfeiting and to pry open its markets, will quell the protectionist threat.

TAIWAN also faces political challenges that have grown more complex in recent years. The Taiwan Relations Act ensures that the United States will meet Taipei's security needs, but Taiwan also must deal with a burgeoning group of prominent U.S. lawmakers who are backing human rights and self-determination for Taiwan.

This Taiwan lobby includes Senator Claiborne Pell, Democrat of Rhode Island and chairman of the Foreign Relations Committee, and Senator Edward M. Kennedy, Democrat of Massachusetts, as well as Representative Stephen J. Solarz, Democrat of New York, and a host of U.S.-based Taiwanese groups.

Fortunately for Mr. Chien, the combination of a political crackdown by Beijing and new openness in Taipei have eased such pressures. The emergence of the Democratic Progressive Party, which won 23 of 152 contested seats in two legislative bodies in December, marked a dramatic step toward democracy.

Mr. Chien sees the new openness as an

inevitable consequence of Taiwan's economic development.

"What we've done in the past few months," he said, "is a product of our economic progress." He said such developments had been well-received in the United States. "I'm heartened to read complimentary columns and editorials. They have been very positive." Even among Taipei's critics in Capitol Hill, he added, "I've discerned a less critical approach. They want more concrete changes, but they have guardedly welcomed the changes we have made."

The biggest recent stain on Taiwan's image was the murder of Henry Lin, a journalist, in 1984. Mr. Chien moved quickly after this incident, urging Taipei "to take swift action." Although top Kuomintang officials were convicted, Mr. Chien said, "Thank God we didn't try to cover up. This has kept damage to a minimum."

Mr. Chien's approach also reflects a similar shift toward a more pragmatic and assertive foreign policy on Taiwan's part. The main vehicle for this policy is participation in various international organizations and sporting events.

Taiwan's acceptance of the title "Taipei, China" as the price for co-existing with Beijing in the Asian Development Bank, although the issue remains unsettled, is viewed as a formula for dealing with its identity problem.

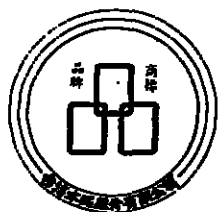
"As long as we are treated with dignity and equal footing," Mr. Chien said, "we will participate."

In a comment that is perhaps the key to his overall task, he added, "We don't want the Republic of China to be forgotten."

Robert A. Manning

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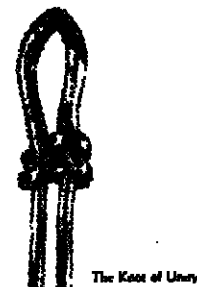
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Seeking Ways to Right the Trade Imbalance as U.S. Gets Impatient

By Paul Mooney and Patrick L. Smith

TAIPEI — In many respects, 1986 was a year like most others for Taiwan's exporters: better than the one before, with another good one on the way. But it was also the year in which Taiwan joined Japan as a primary target of U.S. trade pressure.

Long a concern of Taiwan's principal trading partner, the multiplicity of barriers that protect local producers has been pushed to the fore by massive year-to-year increases in the island's merchandise surplus. Recent tariff cuts, together with new steps to liberalize the service sector, suggest that the administration has come to count this among its most pressing economic problems.

More than anything else, economists say, the trade surplus and the friction it creates have underscored the urgency with which Taiwan, which exports half of its gross national product, must begin to trade by the rules of advanced nations.

As if to signal this, Washington announced earlier this month that duty-free status under the generalized system of preferences would be withdrawn on half of the \$3.2 billion worth of products from Taiwan that have been so classified. The cut, which is to take effect in July, was the largest assigned to any U.S. trading partner.

"Taiwan has to take drastic action that will send a message to Congress and the American people," said Robert P. Parker, an attorney and chairman of a trade committee at the American Chamber of Commerce in Taipei. "It needs to show that it is making an effort to give U.S. products a fair chance."

Last year, the overall surplus grew by nearly 50 percent, to \$15.6 billion. With close to half of Taiwan's exports sold in U.S. markets, the U.S. deficit in its trade with Taiwan accounted for \$13.6 billion of the total.

Statistically, there is no clear sign yet that this trend has abated. The first-quarter trade surplus grew by almost 40 percent from the corresponding period last year, to a record \$4.15 billion, exports to the United States were up 25 percent.

What has marked the past year or so, however, is the quickening pace of Taiwan's market-opening efforts. The liberalization of the trade regime, first outlined by President Chiang Ching-kuo three years ago, is being pushed, in short, from the realm of platitude to reality.

Only a few months ago, for instance, Washington threatened Taiwan with retaliatory action for the first time, under Section 301 of the 1974 Trade Act. The issue was the import of wine, beer and cigarettes; after more than a year of fruitless negotiation, a resistant state monopoly in these products now competes with imports.

Soon after that threat was defused, Mr. Chiang signaled his concern with the overall trade issue by taking charge of a key inter-ministry meeting that is normally left to cabinet officials. The message, government sources say, was an unambiguous call for action.

The principal factor in this apparent re-ordering of priorities appears to be the continuing rise of the Taiwan dollar against the U.S. dollar. Many officials quote further steps toward the liberalization of imports with reduced upward pressure on Taiwan's currency.

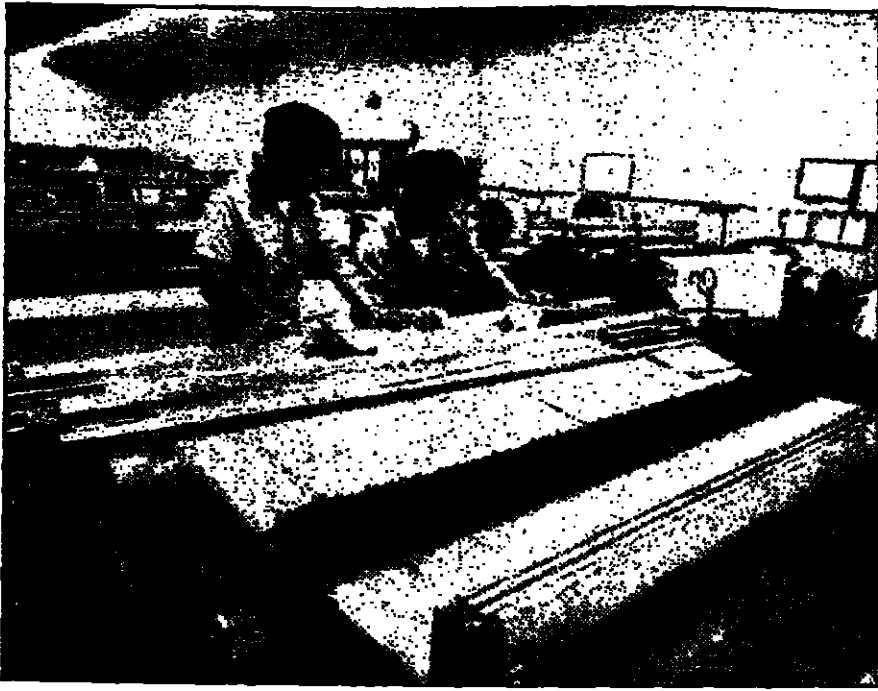
Reflecting U.S. pressure for a revaluation, the local dollar, which was long held at a fixed exchange rate, has gained almost 20 percent in value since the G-5 meeting of Western financial ministers reviewed global exchange rates in September 1985. It now stands at roughly 33 to \$1.

"The currency issue has caused serious concern about the loss of foreign markets, and this has spurred Taiwan into making some hard decisions on the trade side," said a U.S. trade source. "There's a new understanding that we are talking about substance, not a promise of further discussions leading eventually to some far-off schedule of tariff reductions."

Evidence of this shift began appearing last year. In two rounds of talks, U.S. officials requested action on 56 items and 16 items, respectively, and came away satisfied with tariff cuts on a high percentage of them.

The items included agricultural goods, home appliances, food products and footwear. Tariffs in some categories were cut by up to half.

In direct response to limitations set by



Turning out textiles at a factory in a Taipei suburb

'Taiwan has to take drastic action that will send a message to Congress and the American people.'

Washington last year on U.S. textile imports, the highest tariff on textiles here was reduced from 60 percent to 30 percent. On many of the items concerned, government officials have announced that this percentage is to be halved again.

The recent disclosure on textile items was included on a list of 862 items, ranging from air conditioners to silk products, for which duties are to be cut by up to 50 percent. Of those items, 61 were part of a group of 66 on which Washington had earlier demanded action.

Overall, the government's aim is to reduce its tariffs to levels below 50 percent. The highest tariffs now are 57.5 percent, a drop of almost 18 percentage points since 1985.

This new round of tariff cuts coincided with several days of trade talks held in Washington earlier this month.

Concurrently, Taipei announced that it would allow four U.S. insurance companies per year to begin competing in the domestic

market; there are now five U.S. insurers active in Taiwan.

Many of the items on which Taiwan is taking action, such as umbrellas and sport shoes, are among its largest exports. Nonetheless, U.S. officials applauded the announcement as a demonstration of "Taiwan's commitment to enhance U.S. export opportunities in its market."

Analysts discern a newly aggressive strategy in these measures, the aim of which is to remain "out front," as one source said, of U.S. demands.

Taipei has long argued that the opening of its domestic markets will not solve its trade imbalance with the United States. Nonetheless, it now appears to recognize that market-opening measures are as important politically as they are in practical terms.

Taipei is also seeking to strengthen President Ronald Reagan's hand prior to an upcoming round of talks under the Geneva-based Gen-



Dock workers unload sacks of American soybeans at the busy port of Kaohsiung.

eral Agreement on Tariffs and Trade and to soften the tone of trade bills now being considered in Congress.

How effective will Taiwan's change in attitude prove in the coming months? Already the island appears to be moving faster on trade issues than either Japan or South Korea, Washington's other problem spots in the region. But no one, here or abroad, is prepared to predict the future pace of progress, despite the president's recent mandate.

Vested interests, in the government and the private sector, remain strong — a point clearly demonstrated during the lengthy talks Washington held last year on tobacco and alcohol imports. In addition, import duties accounted for 16 percent of government revenues last year, down from almost 25 percent a few years ago but still a percentage viewed widely as too high.

Officials are also concerned about the impact of liberalization on a corporate sector

long accustomed to protective barriers. In particular, the government continues to fear a flood of Japanese imports as trade barriers are lifted.

Last year Taiwan's deficit with Japan, despite blanket bans on Japan's cars and a variety of other products, grew by 34 percent, to \$3.7 billion.

"Who does Washington think will win if we open our markets across the board?" a senior official in the Economics Ministry asked. "Not Americans. So we have to find other solutions."

To balance the problem of Japanese imports with increasing pressure from Washington, Taiwan proposed last September the declaration of the United States and Taiwan as bilateral "free trade zones," an arrangement already agreed by Israel. Washington has so far not responded.

At the same time, Taipei is giving U.S. companies priority in large supply contracts,

such as those covering a number of basic infrastructure projects currently being undertaken throughout the island. Companies such as Otis elevator, AT&T and Foster Wheeler have already been awarded such contracts.

The government has also encouraged exporters to begin concentrating more on European markets, where the local dollar is relatively weak despite its strength against the U.S. currency. Last year, exports to Europe shot up almost 60 percent, to \$4.8 billion.

Once again, however, the question is how effective these measures can be in redressing Taiwan's largest imbalance. Many analysts concluded long ago that the United States' deficit with its fourth-largest supplier of manufactured goods can be slowed, perhaps even reduced somewhat — but not eliminated.

PAUL MOONEY is news editor of International Community Radio in Taiwan and the Taipei correspondent of Newsweek.

Liberalized Economy Means Less Government Control

By Don Shapiro

TAIPEI — When a large-scale semiconductor operation was established earlier this year as a public-private joint venture, the government made sure that its share of the \$145 million in equity came to less than 49 percent.

With a majority of shares in private hands, including a 27.5 percent stake by Philips of the Netherlands, the Taiwan Semiconductor Manufacturing Corp. is being run as a private company, complete with an American general manager.

Had a similarly capital-intensive project been launched a decade or more ago, the government portion would almost certainly have exceeded 50 percent, causing the venture to be organized as a state enterprise.

At that time, the more prominent government role in the economy was seen as both a necessity and a virtue. The private sector generally lacked sufficient funds to participate in large projects and many officials shared an ideological distrust of private business and a faith in state control.

But in recent years, state enterprises have repeatedly come under fire from legislators, scholars and editorial writers for waste and inefficiency. In the early 1980s, fully one-third of the state enterprises were losing money and most others were only marginally profitable.

While the contribution of government companies to national manufacturing output was

industry is now receiving impetus from President Chiang Ching-kuo's much publicized plan to "internationalize and liberalize" the economy as a whole.

"Now it's firm government policy to de-emphasize the state enterprises," said K.C. Lee, an official of the Council for Economic Planning and Development. "Giving more op-

State enterprises have repeatedly come under fire from legislators and editorial writers for waste and inefficiency.

portunity to private business should make the whole economy more dynamic."

As an example of the new approach, the state-owned Chinese Petroleum Corp. will soon lose its long-standing monopoly position in both upstream petrochemical production

and gasoline marketing. The government has already granted permission to the private Formosa Plastics Group to build a competing naphtha-cracking plant, and by the end of this year the first privately run service stations are due to open.

Preparations to close down two money-losing government-owned metal companies within the next few months provide further evidence of the new pragmatic attitude. The major production facilities of the Taiwan Aluminum Co. and Taiwan Metal Mining Corp. are being shifted to other state companies with better management records.

The disappearance of those two corporations will leave 10 state companies belonging to the Ministry of Economic Affairs. The next step, but still a difficult one for the government to take, is expected to be the denationalization of some of those companies through public sale of stock until the government's share falls below 50 percent.

That step, accepted in principle by top-level decision-makers but not yet shaped into an action plan, has been championed by Wang Yu-yun, the deputy chairman of the government's Commission of National Corporations.

A wealthy private industrialist before turning to politics, Mr. Wang is convinced that government companies face an inherent disadvantage.

"They are public property and have to be governed by a host of restrictive laws and regulations," he said. "Their executives can't possibly enjoy the flexibility of private business in responding to market opportunities."

Yet, Mr. Wang recognizes that certain operations are unsuitable for privatization. He puts the Taiwan Power Co., the island's electricity utility, and Chinese Petroleum Corp. in that category because of their strategic nature.

And he doubts that any private investors would currently be interested in the China Shipbuilding Corp. Due to the depressed international shipping market, plus internal management problems, the company is expected to run nearly \$50 million in the red this fiscal year.

DON SHAPIRO is a correspondent in Taipei for Time magazine and McGraw-Hill World News.

Few Policy Shifts

Continued from page 1

their seniors who continue to stress ideology and historic identity.

The challenge of generational change is just as apparent in foreign policy as it is in the case of the domestic reforms," one analyst said.

There have been changes that many reformists applaud. The decision to remain in the Asian Development Bank, despite the possibility that Taiwan could, in effect, eventually lend money to the mainland, is one. Another is the participation of a Taiwan team in a girl's basketball tournament held in Moscow last year.

But officials suggest privately that any substantial evolution of the island's foreign policy is likely to be blocked until younger officials assume top positions in the party and government apparatus.

To a great extent, the reform of policy will depend on the pace of domestic change. A structural overhaul of the island's three legislative organs, for instance, is eventually expected to remove many lawmakers who enjoy lifetime tenure in them.

In this regard, however, officials are concerned that a more representative political process will lead to proposals for Taiwan's independence, which, in turn, would almost certainly provoke an extreme reaction from Beijing.

Taiwan has more resources in the international field than it seems to realize," said Mr. Li, of National Taiwan University. "Given our strategic importance and our economic strength, we must allow ourselves to take some calculated risks."

CHEN HAO is a political columnist for the Taipei-based China Times.

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A Serving Of Big Mac Management

By Bob King

TAIPEI — Just a few years ago, David Sun was a hot new star in the American computer industry. As president of Sun & Fisher System Ltd., a California software consultancy, he counted among his clients such companies as Kaiser Cement and Atari. Then, in 1983, he started his business associates by an abrupt about-face: He moved back to Taiwan and introduced the island to Ronald McDonald.

Mr. Sun's inauguration of the first McDonald's hamburger outlet on Taiwan was an immediate success. For several months, the first outlet on Taipei's prestigious Minsheng East Road set sales records. Mr. Sun's Quanta Foods Ltd. now owns 17 outlets in and around the capital and eight more are under construction.

But success has had its problems, too. From the beginning, Mr. Sun, who was raised in Taiwan, has had to contend with a disgruntled local food industry.

He has had to fend off regular sniping by the local press over such issues as pricing. And he is now hard-pressed by competition from numerous other chains, which owe their presence to Mr. Sun's efforts to open the Taiwan market to foreign fast-food vendors.

These matters aside, though, there is no question that Mr. Sun, who is 40, brought back to Taiwan more than a Big Mac. In fact, he insists that a brief encounter with McDonald's systemized approach to management at "Hamburger University" in Oakbrook, Illinois, back in 1978, opened his eyes to new management styles — styles that are light years away from traditional practices in Taiwan.

Mr. Sun's youngest store manager, for instance, is 23, and manages an outlet that is doing more than \$2 million a year in sales.

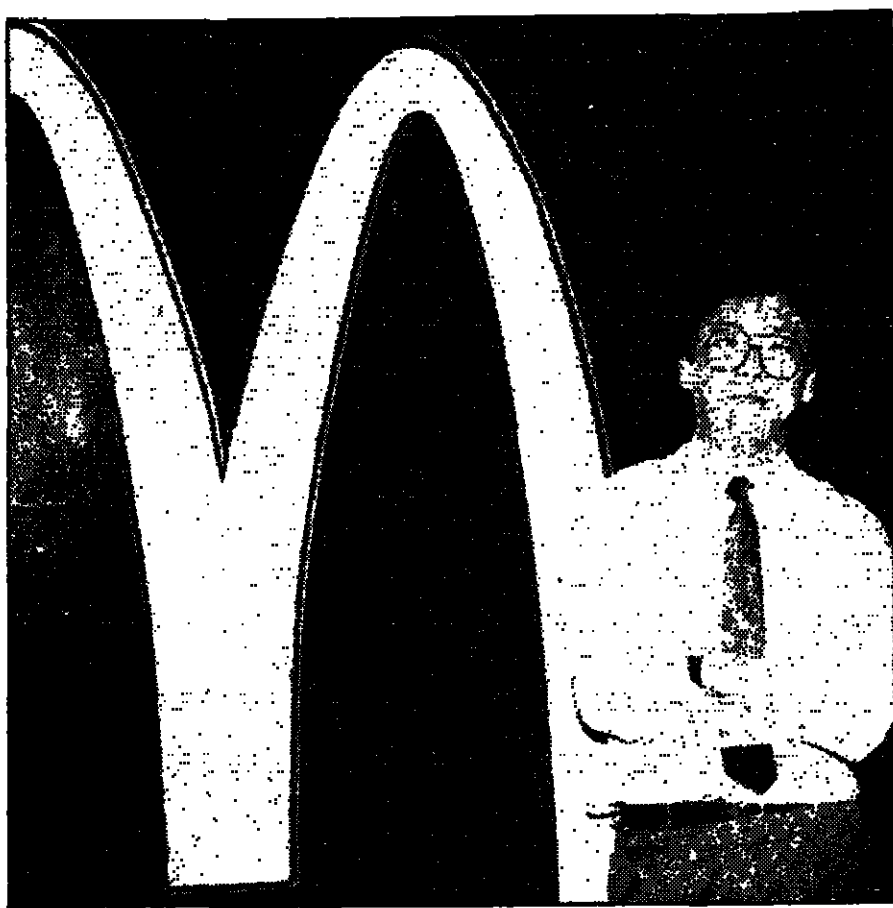
"We train these young people from scratch," Mr. Sun said. "We push the responsibility as far down as possible, and let them make the decisions, because they're the ones who have contact with the customers."

By contrast, typical Taiwanese management styles emphasize central control by one figure, often the head of a family that owns the concern. This central figure makes all the decisions based on information provided by subordinates, who themselves have no overall view.

As elsewhere in East Asia, outmoded management techniques have long hobbled the development of Taiwan's corporate sector.

Mr. Sun sees himself and his associates as "a bridge bringing back management systems to our country."

More than anything else, this attitude reflects a new breed of Taiwanese who, after years of education and work experience in the United States or Europe, are finally returning



David Sun: from computer consultant to hamburger king.

The government hopes that success stories will convince more expatriates to return and contribute their skills.

home in increasing numbers to contribute what they have learned.

About 90 percent of Mr. Sun's top management falls into this category; three vice presidents hold degrees from American universities.

Taiwan is now working hard to attract young entrepreneurs like Mr. Sun and his deputies. According to government statistics, more than 63,000 of Taiwan's best and brightest university graduates went abroad for advanced study from 1971 to 1985, but only slightly more than 11,000 returned.

The return rate for 1986, roughly 25 percent, is encouraging, given a 15-year average of 18 percent, but this still means that three highly-trained Taiwanese remain overseas for every one that returns.

There are many reasons for the brain drain. The most obvious, of course, reflects the widely disparate living standards of Taiwan and the developed countries where expatriate Taiwanese tend to study and settle.

Another has been the lack of suitable work assignments in Taiwan for specialized, highly trained Taiwanese emerging from foreign universities. Expatriates develop expectations concerning the quality of life for themselves

and their families that cannot yet be matched by Taiwan.

Many returnees, such as Mr. Sun, have profited greatly from coming home. With their newly acquired approach to problem-solving and a little help from a government happy to have them home, they are able to make the most of whatever they undertake. The government hopes that the success stories will convince more expatriates to return.

"We're in the midst of a transformation to a newly industrializing country, so we need these highly trained people and their resources," said Chiang Chieh-sing, a returnee who now heads the National Youth Commission's overseas Chinese scholars' and students' service center.

To attract expatriate Taiwanese, the center publishes newsletters listing Taiwanese companies seeking highly trained expatriates, as well as the names and qualifications of expatriates who wish to return and are looking for jobs. The center will even pay the air fare home for expatriates and their families willing to give Taiwan a try for at least one year.

BOB KING is the Taipei correspondent of The Financial Times.

Test for 'Tennis Shoe' Economy

By Patrick L. Smith

TAIPEI — No one can fail to see the extraordinary pace at which this island economy has progressed in recent years. New symbols of wealth are everywhere apparent — in Taipei's fashionable shops, its glass-and-concrete office towers and in the rows of luxury apartments that line some city streets.

It is an affluence that would have seemed entirely out of place not long ago. But many visitors now readily compare this still-lush, still-gray capital to the Tokyo of only a decade back.

Last year seemed exceptional only in the magnitude of the island's advance. Powered, as usual, by a substantial rise in exports, gross national product grew at a rate of 10.8 percent, the economy's best performance in eight years.

Officially, per capita income reached \$3,750 — more than triple the level achieved five years earlier. Given the widely acknowledged problem of undeclared funds, incomes are believed to average half again what government statistics indicate, putting Taiwan ahead of several European countries in terms of individual wealth.

But it is not the island's unrelenting success that holds the attention of most economists these days. Of concern now is the difficult transition Taiwan must make as it approaches the brink of full development.

No less than the island's political institutions, the economy and the policies that have shaped it are at a turning point. Fundamentally at issue is the need for both industrialists and government regulators to adjust fully to the stage of development Taiwan has already achieved.

"The challenge for us now is to change many of the ways we do things," said Liang Kuo-shu, chairman of the government-controlled Chang Hwa commercial bank. "The consequences will be very unfortunate unless we learn to utilize our resources more efficiently."

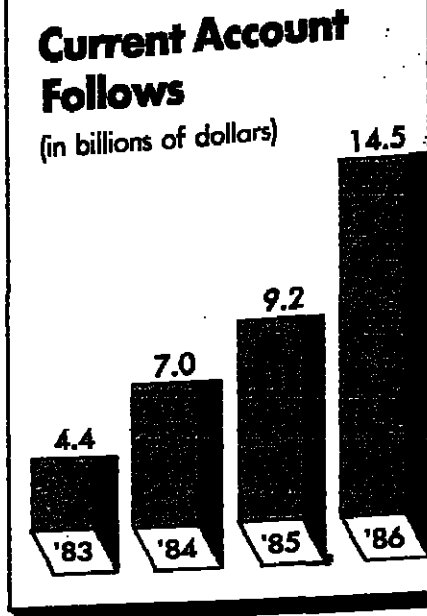
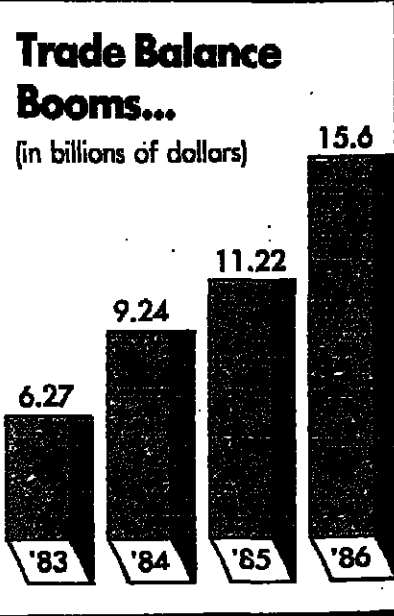
The evidence of this is now as apparent as the island's prosperity. High import barriers helped push the trade surplus to a record \$15.6 billion last year, an increase of almost 50 percent. Reflecting the government's stringent exchange controls, foreign reserves more than doubled in the year ending in March, to over \$53 billion.

As these developments suggest, many of Taiwan's long-established regulations, introduced in an era when security was a priority over innovation and balanced growth, are now critically distorting the economy.

Equally, political uncertainties and a deep sense of confusion as to Taiwan's future direction have retarded domestic investment and contributed to an overemphasis on low-cost, low-technology production at the expense of industrial advancement.

"Too many tennis shoes and transistors," a visiting foreign executive said flatly not long ago, "and too few computers and advanced circuits."

Indeed, the largest contributors to export growth last year were simple electronics, sporting goods, wood products and footwear. In all of these sectors, Taiwan is becoming increasingly vulnerable to competitors such as Malay-



sia, Indonesia, Thailand and China, which many view as the most significant long-term threat of all to traditional export activities.

It is clear why this has come about. Fixed capital formation as a percentage of output has fallen from more than 30 percent at the turn of the decade to a current level of 18 percent. At the same time, the savings rate is now at a record 38 percent of gross national product, many times higher than in most countries at a comparable stage of development.

If the economy is to continue modernizing, economists and other analysts believe, rapid progress in the areas of trade, currency management, finance and investment is now imperative. Related to these issues is a reduction in the island's traditional dependence on exports and a new emphasis on domestic consumption as a source of growth.

President Chiang Ching-kuo signaled official recognition of these structural problems three years ago, when he called for the "internationalization and liberalization" of the economy. Trade barriers were to be dropped, currency controls lifted and Taiwan was to join the Pacific community as an economic presence, if not in political terms.

Until recently, however, progress has been discernible but slow. As a consequence, basic structural problems have now taken on an unexpected immediacy. Everywhere, it seems, there is a sense that the time for solutions is short.

Trade friction with the United States has worsened dramatically this year, reflecting another record merchandise surplus in Taiwan's 1986 trade with its largest trading partner.

Related to this, the rapid growth of foreign reserves has caused the money supply to mushroom. An inflationary spiral has been averted only because the Taiwan dollar has been allowed to appreciate and the price of oil, Taiwan's largest import item, has been low.

These near-misses have spurred the government to act more decisively on both the trade and exchange control issues. In addition, the

local dollar has been allowed to continue gaining in value against the U.S. currency since authorities began a controlled revaluation last year.

Taipei is also taking a number of steps to stimulate domestic demand. The national legislature is about to approve a budget that calls for record public spending and assumes the first budget deficit, of just over \$2 billion, in more than two decades.

Exports, which jumped 27.6 percent last year, are forecast to rise only 8 percent in real terms, reflecting concern about protectionism and the realignment of the currency. But private consumption is slated to grow by 8 percent, compared with 6.5 percent last year. Overall, the economy is expected to expand by 7.7 percent in real terms.

To help revive domestic investment, the government is moving forward its scheduled outlays on 14 major infrastructure projects around the island, ranging from rail and harbor modernization to new telephone systems and electricity grids. Spending on these projects, on which U.S. suppliers are also being urged to bid, is to total more than \$25 billion through the early 1990s.

Many economists liken the effort to shift toward domestically led growth to the process on which Japan embarked several years ago. They caution, however, that Taiwan's small domestic market and the magnitude of its dependence on exports — they account for 50 percent of output, compared with 20 percent in Japan — mean that the realignment of the economy will be limited.

There are other mitigating factors. Small and medium-sized firms, which account for 70 percent of exports and 70 percent of employment, have long been accustomed to the protection afforded by tariff and non-tariff barriers.

Some have already begun to lose competitiveness as a result of the local dollar's appreciation, according to government and private economists.

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A new breed of entrepreneurs in high-tech companies is helping to modernize attitudes toward investment.

Volatile Market Nets Strong Gains

By Patrick L. Smith

TAIPEI — Even among the sharply rising share markets of East Asia, the Taiwan stock exchange has been a standout this year.

The island's unusually high savings rate, speculative funds attracted by the appreciation of the local currency and record low interest rates combined to drive up the stock exchange index by more than 40 percent in the first quarter of 1987.

At the end of March, the local index stood at 1,405.51, compared with just over 1,000 at start of the year. Despite such gains, optimism about the future of this relatively young market is readily apparent.

"We could well be in for a correction," said David Tran, president of Kwang Hui Securities Investment & Trust Co., which manages one of four equity funds through which foreigners can invest here. "But we still expect to see a very strong performance over the long term."

With only 130 stocks listed on the exchange, Taiwan's market is among the smallest to attract international attention in recent years. Nonetheless, share trading has grown exponentially since the market was founded, with 18 listings, a quarter of a century ago.

Because brokerage fees are the lowest offered on any exchange, share volume is proportionately among the world's highest. Turnover this year is expected easily to exceed the market's total capitalization of \$20 billion (about \$8 billion Taiwan dollars).

This velocity of trading is the more remarkable, analysts assert, given that roughly half of the stock available in the market is closely held by banks and corporate families and is, therefore, rarely traded.

Despite its evident popularity, however, the Taiwan exchange occupies a relatively minor place in the economy. Although a high percent-

age of major corporations are listed, industry is dominated by a multiplicity of companies that are either too small to be listed or uninterested in doing so.

"In this sense, it's hard to buy the Taiwan economy," said Blair C. Fickrell, general manager of Jardine Fleming Taiwan Ltd., "a lot of what counts is simply not made available to investors."

The problem is essentially cultural, reflecting a traditional desire in Asia to keep the control of assets within the corporate founder's family. Like other Asian markets, the Taiwan exchange's role in capital formation is far surpassed by bank borrowings and privately arranged credits.

For the same reason, there has also been a tendency here to list companies only after they have passed their peak. Accounting standards are uneven; corporate disclosure requirements have been difficult to enforce.

As a consequence, Taiwan's market is regarded by the individual investors who dominate it chiefly as a speculative opportunity. Balance sheets, debt and other corporate fundamentals are often ignored; the quality of research available from local analysts is poor.

As a token of the market's unpredictability, the securities and exchange commission maintains a daily limit of 5 percent on stock movements. Trading in a given issue is suspended for the rest of the session once the price moves up or down by that percentage.

Over the past several years, however, the commission has begun trying to improve both the local standing of the market and how it operates. Officials view this as part of a much broader effort to strengthen the island's traditionally weak financial sector.

The commission allowed foreign institutions to invest locally for the first time in 1983. By the end of this year, each of the four funds now established will also operate an adjacent "domestic fund" limited to holders of Taiwan dollars.

Although overseas funds account for a small percentage of total investment, financial regulators also hope the presence of a foreign element in the market will help improve local standards in the fields of research, accounting and broking.

Earlier this year the securities commission took another step in this direction in ruling that broking, underwriting and margin lending, which have been executed by separate firms until now, can be combined under one roof. A package of such revisions is now being debated in the national legislature.

On the supply side of the equation, the government encourages new listings to cut high levels of debt and hasten the pace of capital investment. Listed companies get a reduction of several percentage points from the corporate tax rate of 25 percent; officials also make "promotional visits," as one put it, to companies they think should be listed.

As a result of such efforts, an average of five companies annually have come to the market over the past few years. This year analysts expect 10 to do so.

Natural factors are also coming into play. A new generation of entrepreneurs is helping to modernize prevailing attitudes toward company ownership, management and equity finance. Executives in high-technology fields, where venture capital has played an important role recently, will eventually have to wean themselves from their original backers.

"We're entering a new phase in terms of how we compete internationally," a U.S.-educated executive at a local computer concern said in a recent interview. "What used to be sufficient in terms of capital no longer will be."

Fundamental factors — among them the strength of the economy, low oil prices and a stimulative national budget for the fiscal year beginning July 1 — suggest that the boom in share prices is unlikely to prove a short-lived phenomenon.

Cash Balloon Threatens to Pop

The buildup in reserves is one reason Taiwan has done so well.

By Bob King

TAIPEI — Imagine, if you will, a country whose banks are unwilling to accept deposits because they cannot find borrowers and where financial authorities have come to limit capital inflows as well as outflows. Imagine this and you have a picture of this island state today.

After years of record trade surpluses, Taiwan is awash with cash. And because the central bank collects almost all foreign-currency earnings and issues Taiwan dollars in exchange, both the money supply and the central bank's reserves have ballooned to levels that could trigger a severe inflationary spiral.

At \$53 billion, Taiwan's reserves are now the world's third largest after those of West Germany and Japan. The inefficient use of surplus capital — and the maintenance of stringent exchange controls years after they could have been safely lifted from an economic point of view — underscore how underdeveloped the island's financial system remains, despite its place as the world's 11th-largest exporter.

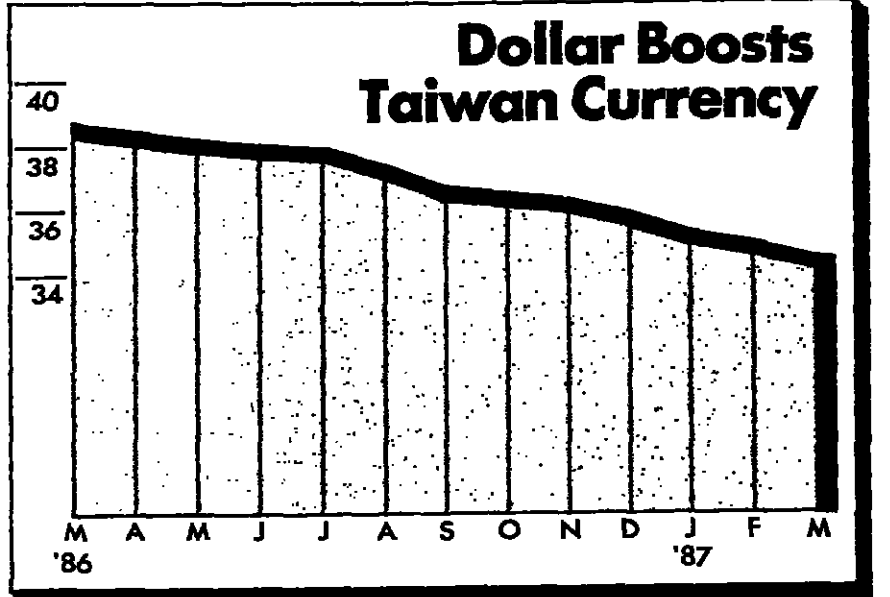
"The buildup in reserves is one reason Taiwan has done so well," said Frederick C. Copeland, Citibank's corporate officer in Taipei. "But now there is an urgent need at the top levels of government for a solution."

The Taiwan dollar's appreciation against the U.S. currency over the past year or so has substantially increased the upward pressure on both reserves and money supply. About \$7 billion in speculative money entered the country last year, according to unofficial estimates. Local banks exchanged \$3 billion in their own reserves during the same period.

The money supply grew by 38 percent last year and is now increasing at a yearly rate of 50 percent. Foreign reserves more than doubled during the year to the end of March; they are now growing at a rate of \$2.5 billion monthly.

For local banks, all of which are either owned outright by the government or have a majority share held by the government, the liquidity problem is worsened because they have grown wary of lending to local companies, many of which offer balance sheets that do not necessarily reflect their true financial positions.

Although any move to lift capital controls is unlikely to be effective until the Taiwan dollar ceases to appreciate, the central bank has argued vigorously in favor of this step in recent months. In addition to acting as the repository of Taiwan's net export earnings, the bank has been buying up to \$250 million daily over the



past year or so to regulate the local currency's rise.

The central bank also issues savings certificates, bonds and treasury bills to reduce the level of local liquidity — buying back in effect, a portion of the dollars it issues. This operation, known as foreign exchange "sterilization," has cost the central bank almost \$900 million in interest payments over the past 12 months.

More than a year ago, authorities took the first tentative steps toward easing the problem of excess liquidity by allowing local institutions to invest in external funds managed by five domestic banks.

These funds purchase sovereign and bank paper abroad. But they have hardly made a dent in the growth of reserves: Fixed maturity rates have made the funds unattractive, given the risk that must be assumed as to future exchange rate fluctuations.

In early March, the government further eased restrictions on capital outflows and began inhibiting inflows of more than \$10,000 for individuals and \$1 million for businesses. The latter measure led many analysts to conclude that the central bank was "desperate," as one analyst said, to ease the threat of inflation.

Now the government appears to be on the verge of more drastic measures. Late last month, Prime Minister Yu Kuo-hua instructed the central bank to prepare for the removal of exchange controls altogether.

"We should suspend controls when the trade surplus is too high," Mr. Yu said, while retaining the legal authority to reimpose them "for use in an emergency."

Mr. Yu cautioned that lifting controls would not solve the problem of excessive reserve growth in the short term; rather, he advanced the change as part of a long-term process of financial liberalization.

Despite the tentative tone of Mr. Yu's re-

marks, financial executives believe that their implications are sweeping.

"Although strong barriers on inward remittances may remain, companies and individuals could be free to remit foreign exchange abroad," said one European banker in Taipei. "This will make it much easier for industry to invest overseas."

Reflecting such views, many foreign bank branches in Taipei have recently begun preparing to assume a role in managing large-scale capital outflows. Last month, a number of banks gave a seminar for key individuals and financial institutions to introduce a variety of fund-placement options.

"Almost every big bank has been watching the position of the government regarding foreign investment," said Jacques Savary, general manager in Taipei for Banque Nationale de Paris, which took part in the session.

Such a role would be a welcome addition to the activities of the 33 foreign banks with branches in Taiwan, many of which have been saddled with bad loans in the past. Reflecting heated lending competition and irregular accounting practices, problem loans made by overseas banks peaked at some \$600 million a few years ago.

But regulatory revisions have already begun to improve the positions of foreign banks. The government has dropped restrictions prohibiting foreign banks from doing business in export processing zones — formerly a preserve of local institutions.

It has also permitted foreign banks to expand from one branch to two. Hollandsche Bank-Unie of the Netherlands has already opened a branch in the southern port city of Kaohsiung, where it hopes to tap the trade-financing market.

Citibank has plans to follow suit, concentrating on consumer financing.



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A Challenge to Kuomintang

Opposition Shakes Up Legislature

By Patrick L. Smith

TAIPEI — Only a few months ago, Taiwan's Legislative Yuan was all but ignored as a body that approved, almost automatically, policies handed down from the Kuomintang government's executive branch.

But since its current session opened in February, the 324-seat chamber has been virtually remade, partly as theater, party as symbol and partly as the venue of the opposition's most direct challenge to the ruling party's authority.

Reflecting the Kuomintang's claim to rule all of China, most of the Yuan's seats are held by nominal representatives of mainland provinces and are therefore not subject to election. As a result, the average age among the Kuomintang majority has climbed steadily over the years and is now about 80.

Before the legislative elections in December, political opponents allied in a loose-knit group known as the "Tangwai" which translates as "outside the party," held half a dozen of the 73 seats open to local balloting.

It is unclear how quickly the Legislative Yuan and Taiwan's other legislative organs, the National Assembly and the Control Yuan, will be restructured as part of President Chiang Ching-kuo's reforms. But the new presence of the Democratic Progressives in the lawmaking Legislative Yuan has already placed the once-sleepy body at the center of the island's rejuvenated political life.

Many of the small protests that are held almost daily in the capital take place in front of the palm-lined drive leading to the Yuan. Galleries are filled to capacity when opposition legislators are scheduled to speak during the twice-weekly sessions.

The Democratic Progressive Party holds 12 seats in the Yuan and 11 of 905 seats in the National Assembly, which elects the president

'This is the first chance the Taiwanese majority has had to break the absolute control of the Kuomintang. We believe we better grab it while we can.'

and vice president and is empowered to amend the constitution. It won roughly a quarter of the overall vote in December.

Although it has carefully avoided the long-term question of independence for Taiwan, the tone it has set in Yuan sessions has been openly confrontational.

A fistfight broke out on the first day; symbolically, several members have since spoken only Taiwanese in the chamber, a dialect that is incomprehensible to the Mandarin-speaking mainlanders who dominate the Kuomintang.

"This is the first chance the Taiwanese majority has had to break the absolute control of the Kuomintang," said Kang Ning-hsiang, a leading opposition legislator. "We believe we better grab this chance while we can."

Chief among the issues the party has so far engaged is the national security legislation that is to be implemented when martial law is lifted. Opponents contend that the bill is far too stringent, making the removal of martial law restrictions little more than a gesture.

"The ruling party is still trying to dominate politics here," Mr. Kang said. "We see the national security bill as one example of how."

Opposition members have also mounted a steady attack on Prime Minister Yu Kuo-hua, at one point even reading the name of an

alleged mistress into the legislative minutes. In part, this reflects the generally low level of the prime minister's popularity.

More important, however, the Democratic Progressives are questioning the established practice by which the prime minister answers directly to the president, instead of the legislature. The underlying issue, they say, is the establishment of rule by law over traditional lines of political authority.

More striking than these issues, however, have been open discussions in the legislature of subjects long considered taboo in Taiwan. Among these is the massacre of about 10,000 Taiwanese shortly after Nationalist troops arrived in force in February 1947.

The event has been a significant factor in the alienation of the island-born majority from the Kuomintang. Several younger Kuomintang legislators were among those who raised it — a token, local commentators say, of the ruling party's new awareness of its need to compete.

"The time has come for us to own up to these things," said Wu Der-mei, a Kuomintang legislator, in urging a government report on the issue. "It's necessary for national unity and for us to have the respect of our people."

Legislators from both parties have also called for the opening of communications links



Students from National Taiwan University demonstrated in March to demand greater student democracy.

with mainland China and a reconsideration of Taiwan's long-standing "three no's" policy toward China, which bars contacts of any kind, negotiations and compromise.

Early in April, a committee of Kuomintang legislators asserted that proposed legislation should be submitted to the Yuan before being reviewed by the party's central standing committee, as it is now. Analysts view this as another part of the broad effort to strengthen the island's political institutions.

It is unclear whether the new opposition party, which has 1,500 charter members, is gaining popularity among Taiwanese, who are of Chinese extraction but who arrived in earlier waves of emigration from the mainland. But party leaders are now establishing a network of branches throughout the island.

Not is it clear what the long-term role of the party will be. Effectively, the Democratic Progressives are assuming the role of a "loyal opposition," although no party official is will-

ing to advance this as the object of the party's effort.

At the moment, the party appears to be developing a division between the organizing cadres who laid the groundwork for the party's formation and the legislators who now represent it.

"They are not very balanced right now," Eugene Chien, a Kuomintang legislator, said of his opponents. "No one has really come to represent all of them yet."

Reforms Loosen Reins on Politics

Continued from page 1

chants, students, the disabled — have suddenly become commonplace occurrences: Kuomintang officials are competing for popular favor more vigorously than they ever have before.

These developments have increased conservative opposition to Mr. Chiang's reforms, which has been apparent among senior party leaders and military officers since last year. But the sudden flowering of political life has also helped to assure, many analysts believe, that the president's reform effort is not reversed despite continuing resistance.

"Our style of political expression is totally different now," a young political activist said with enthusiasm in a recent interview. "People no longer simply accept the government's dictates. Even the ruling party has changed."

The political challenge facing Taiwan is familiar throughout this increasingly affluent region, particularly in its Chinese and Chinese-influenced societies. Rapid economic progress, underwritten by a strictly ordered social hierarchy, has led ineluctably to demands for more representative political institutions.

To varying degrees, South Korea, Singapore and China are faced with the same fundamental question: how to strengthen the framework of government to allow the nation to advance beyond traditions that place powerful personalities at the center of authority.

Pressure for such change increased sharply in Taiwan last year, when activists staged the largest demonstrations in the island's recent history. Mr. Chiang's more specific concerns were to gain greater public acceptance for the Kuomintang and to ensure a stable political succession.

Mr. Chiang, who is 77 and in poor health, has long advocated the gradual "Taiwanization" of both the party and the government. While few Taiwanese have achieved positions of influence in either institution, the president now appears to be speeding up this process.

In disclosing his reform drive last year, Mr. Chiang designated Lee Teng-jui, a 63-year-old Taiwanese scholar, to succeed him as head of state. In this context, political reforms are intended to protect Mr. Chiang's succession formula, which appears to leave powerful party posts in the hands of a collective leadership.

The risks are enormous. The ruling party has justified its firm grip on power over the past four decades by its fundamental claim to be the rightful government of all China.

This has enabled it to relegate Taiwan to provincial status, giving the military an outsized role in politics and administration and leaving the organs of government in the control of officials who nominally represent other mainland provinces.

Apart from the potential dilution of the Kuomintang's power, Mr. Chiang's liberalization raises the larger question of Taiwan's international status. It is still unclear whether even a partial devolution of power in Taiwan will lead eventually to calls for inde-

pendence by the island-born majority.

There is no indication that Mr. Chiang intends to abandon historic claims that have been raised to the level of state ideology. While foreign policy has been another area of reform, no change in government's basic posture toward the mainland is expected.

At home, the government has set the acceptance of the constitution, a basic anti-Communist outlook and a rejection of independence as preconditions for its tolerance of opposition activity.

The president is almost certain to have anticipated the resistance he has encountered over the past year. Apart from the immediate issues he has raised, conservatism and reform have been the poles of Chinese politics for centuries, much as federalism and states' rights are recurrent themes in American political debates.

Equally, there is no certainty that power will not be centralized once Mr. Chiang passes from the scene. In the government, the military and in industry, many voices have already been raised against the drive to liberalize.

"Politically speaking, we are still a developing country," one Kuomintang member said recently. "Although Western ideas are gaining acceptance, Chinese culture is still the strongest influence. You can't ignore that."

Because many of those opposed to the president are among his longtime allies, Mr. Chiang has sought to avoid a damaging split in the Kuomintang by seeking a consensus over a period of time. Many reforms, including the lifting of martial law, have accordingly been deferred from their original schedule.

At the same time, the president has been steadily replacing old guard leaders in the party and the government bureaucracy. Last year, for instance, he named his half-brother, Chiang Wei-kuo, head of the National Security Council and appointed the first civilian defense minister since he held the post himself in the late-1960s.

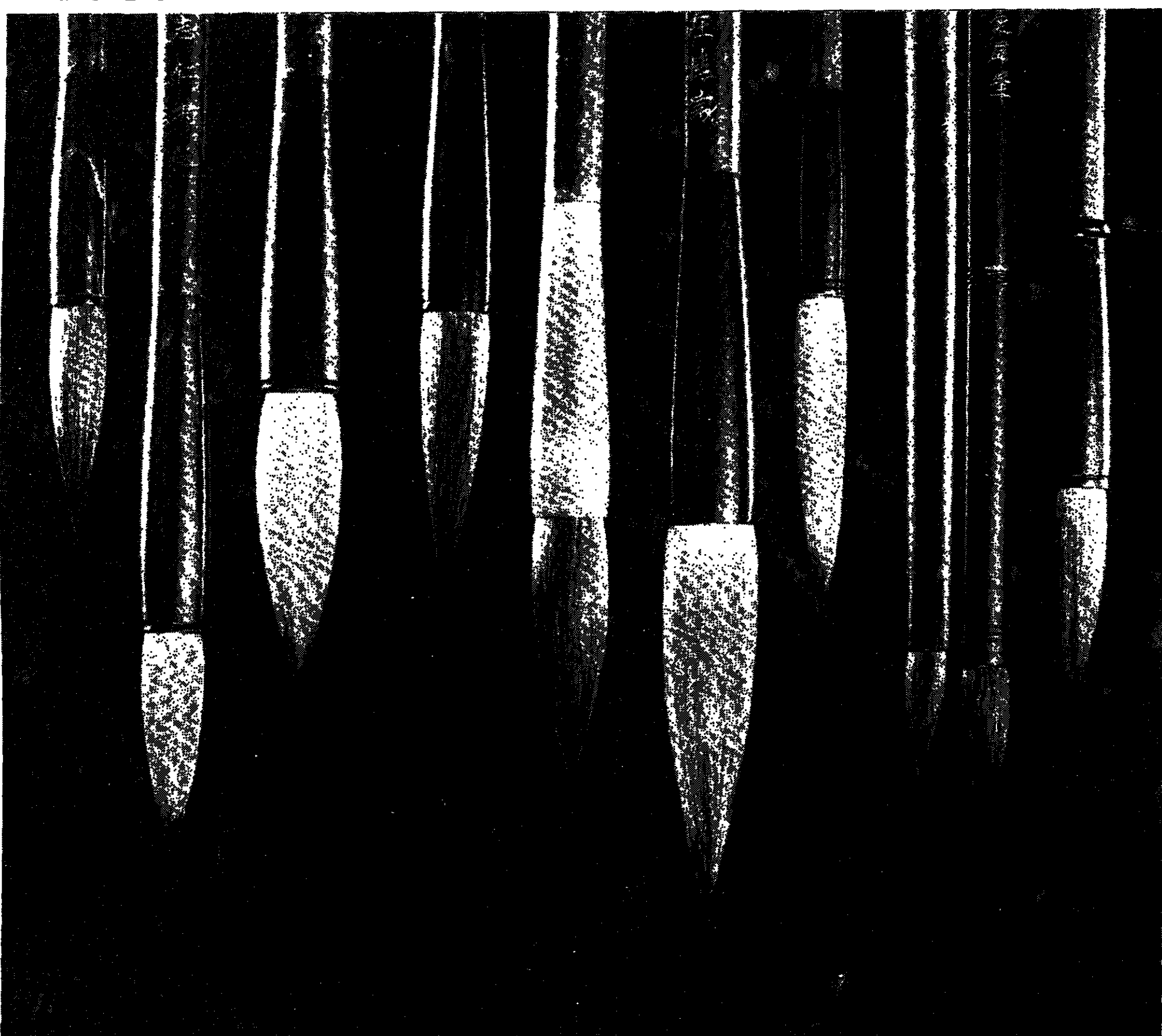
Both appointments were viewed as an effort to isolate the military from the succession process.

Earlier this month, the Kuomintang Central Committee approved an extensive list of cabinet and party changes proposed by the president. Typical of the president's appointments was the replacement of Huang Shao-ku as head of the national judiciary. Mr. Huang has held senior party and government posts since the 1930s, but in recent months he has backed a number of provocative measures taken against the opposition.

Mr. Huang was replaced by Lin Yan-kang, a deputy prime minister, who is a native Taiwanese and who enjoys a broad public following.

Many of those promoted, like the president himself, are viewed less as liberals than as "neo-conservatives," as one party member said, who have come to accept the necessity of a degree of democratization in the political system.

PATRICK L. SMITH, a journalist based in Hong Kong, contributes regularly to the International Herald Tribune. He coordinated this Special Report.



The Right Touch of Chinese Tradition

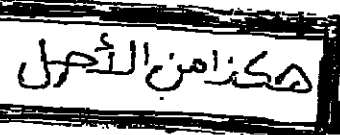
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Vertical text on the right edge of the page, including 'Dollar Cr As Politic' and other partially legible words.

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Mutual Funds

NEW YORK (AP)—The following mutual funds, listed by the Morningstar Agency, were up or down on the price of their shares on the New York Stock Exchange Friday.

Table of mutual fund performance with columns for fund name, change, and price. Includes sections for 'NEW YORK (AP)', 'MUTUAL FUNDS', and 'INTERNATIONAL CLASSIFIED'.

Leftist Group Says It Made Attack on Bus in Greece

ATHENS — A leftist Greek group said Saturday that it was responsible for a bomb attack on a bus here Friday in which 16 U.S. military personnel and dependents and 2 Greeks were injured.

The group called November 17th, also known as the center of several assassinations, including that of a Central Intelligence Agency station chief in December 1975.

In a communiqué sent to a Greek newspaper, the group said the bus attack was part of its drive to force "American imperialism" out of Greece.

The group is named for the date in 1973 on which a student rebellion was crushed by the military regime that ruled Greece from 1967 to 1974.

According to the Greek government, two terrorists planted a bomb near the road and detonated it as a Greek Air Force bus passed Friday evening. The bus was carrying 25 U.S. servicemen and dependents to the Hellenikon Air Base in Athens. The attackers escaped.

Antonios Drossoyannis, the minister of public order, said that the bomb was placed on the bank of the Kifissos River, a narrow waterway running from the outskirts of the city to the sea. The bomb was connected to a 960-yard (875-meter) cord hidden under grass and sand that went up to a van where two men were waiting for the bus to pass.

Mr. Drossoyannis said investigations shown that the two men managed to lay the cord by posing as public utility employees.

Prime Minister Andreas Papandreu expressed "abhorrence" at the attack and pledged to "mobilize all security forces necessary" to discover the attackers.



Members of the Women's List party celebrating election results Sunday in Reykjavik.

Coalition Is Defeated in Iceland Elections

REYKJAVIK — Prime Minister Steingrimsdottir conceded defeat Sunday in Iceland's general elections, leaving a leftist feminist party likely to hold the balance of power in negotiations to form a new government.

His Independence Party partners emerged with 18, or 6 less than before, giving the center-right coalition a total of 31 in the 63-seat parliament, the Althing.

The feminist Women's List party, led by Albert Guindmannsson, the former minister of energy and industry, won seven seats in the parliament. With one seat still in doubt, the Social Democratic People's Party had won 10 seats and the People's Alliance 8.

U.S. Woman Is Charged As Terrorist by Italy

ROME — Terrorist charges have been filed against an American woman arrested in an international crackdown on the Red Brigades that netted three additional suspects in Barcelona, the authorities said.

Prime Minister Andrea Papandreu expressed "abhorrence" at the attack and pledged to "mobilize all security forces necessary" to discover the attackers.

Mr. Drossoyannis said investigations shown that the two men managed to lay the cord by posing as public utility employees.

5 Killed During Fighting At India Cricket Match

NEW DELHI — The police imposed an indefinite curfew Sunday on parts of the western Indian city of Ahmedabad after five persons were killed and six injured in fighting over a cricket match, the Press Trust of India news agency reported.

The agency said that three persons were stabbed to death in clashes between rival groups disputing the result of the match and that two were killed when police opened fire to stop the rioting.

Mr. Drossoyannis said investigations shown that the two men managed to lay the cord by posing as public utility employees.

Rightist Leader In France to Run For Presidency

LA-TRINITE-SUR-MER, France — Jean-Marie Le Pen, leader of the extreme-right National Front, announced Sunday his candidacy in the French presidential elections in 1988.

Speaking from the house where he was born in this Brittany village, Mr. Le Pen said he had "taken the grave decision to be a candidate."

Mr. Le Pen, whose party has 34 seats in the 577-seat National Assembly, said that he sought the support of a "moral and national majority."

6 More Charged in France

PARIS — France charged six more persons Sunday in connection with the series of bombings last year that killed 13 persons, Reuters reported from Paris.

A Justice Ministry spokesman confirmed that the six had been charged, but declined to give further details. Sources identified the six as four Lebanese, a Lebanese-born Senegalese and an Algerian, and said they were arrested last week at the same time as two Moroccan later charged with the illegal possession of explosives.

Mr. Drossoyannis said investigations shown that the two men managed to lay the cord by posing as public utility employees.

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Smithline Beckman
has purchased through a "Dutch Auction" self tender offer
12,570,450 shares of its common stock at \$96.00 per share for a total cost of \$1,206,763,200.
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through its U.S. holding company
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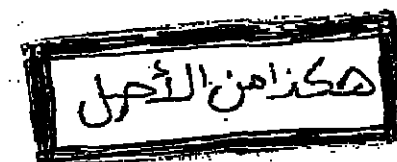
Johs. De Kuyper & Zoon B.V.
has sold its equity interest in
John De Kuyper & Son, Incorporated
to
National Distillers and Chemical Corporation
The undersigned acted as financial advisor to Johs. De Kuyper & Zoon B.V. in this transaction.

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Kreditbank S.A. Luxembourgeoise
has acquired a minority interest in
Brown Shipley Holdings plc
The undersigned acted as financial advisor to Kreditbank S.A. in developing its acquisition strategy and analyzing value-added investment opportunities leading to this transaction.

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FROM MEDICAL SYSTEMS MONDAY, APRIL 27, 1987

EUROBONDS Dollar Crisis Jolts Bonds As Politicians Shirk Pledge

By CARL GEWIRTZ International Herald Tribune PARIS — The crisis in the foreign exchange market spilled over into the markets for U.S. stocks and bonds last week, spreading sharply and sending bond prices sharply lower and yields sharply higher.

There has not been enough action to convince anyone that imbalances will be corrected. The dollar closed in New York at 139.35 yen, a postwar low, down from 143.10 a week earlier, and at 1.7845 DM, down from 1.8162 DM.

THE "GAME" he was referring to, and one that foreign exchange speculators have obviously caught on to, is a high-stakes test of wills between central banks and their political masters who control economic policy.

The Fed's tolerance of rising interest rates, which in large part have been forced upon it by market forces, is particularly worrisome because it raises the specter of this year's already lackluster rate of U.S. economic growth tilting into a recession next year.

Table with columns: Stock Indices, Money Rates, Currency Rates. Includes DJ Index, FTSE 100, and various international exchange rates.

Table with columns: Other Dollar Values, Currency per U.S. Dollar. Lists rates for various countries like Australia, Canada, and West Germany.

UAL Inc. Rejects Pilots' Bid

Board Says Offer Is 'Inadequate'

CHICAGO — UAL Inc.'s directors have rejected a "grossly inadequate" \$4.5 billion offer from the pilots' union to buy its United Airlines subsidiary.

The decision came as no surprise. UAL had said previously that it wanted to remain an integrated travel services company. UAL also owns Hertz Corp., car rental service and Westin Hotels, and recently acquired Hilton International hotels.

UAL also reported on Friday that it had reduced its first-quarter loss to \$30.5 million, from \$103.1 million a year earlier, while revenues increased 21 percent to \$2.37 billion, from \$1.96 billion. Its stock closed Friday at \$69, down \$1.75, on the New York Stock Exchange.

That strategy has drawn fire recently. Last month, UAL became the subject of takeover rumors when Donald J. Trump, a New York developer, was said to have accumulated about 5 percent.

Officials at the United chapter of the Air Line Pilots Association could not be reached for comment, but analysts said they expected the pilots to counter with a higher offer.

Salomon Brothers, retained by the pilots to line up financing, said Friday it was confident it could raise \$1.5 billion. The pilots said the rest would consist of assumed debt, commercial bank loans and funds from the pilots.

Wrigley Hopes New Pack Will Stick

Bucking Trend, Gum Giant Sells 5 for 25 Cents

By Stephen Phillips New York Times Service NEW YORK — It's hardly a new concept: five sticks of gum for a quarter. What is new is that William Wrigley Jr. Co. is the first to bring it back.

The trend is toward 15- to 17-piece packs at a lower per-stick price. But Wrigley, the No. 1 U.S. gum maker, wants to get more Americans into gum chewing. Company officials say the five-stick packs of Doublemint, Spearmint, Juicy Fruit and Big Red could tempt non-chewers to try some.

Wrigley says that higher pricing is the culprit and that its five-stick pack will distinguish Wrigley from other confection products. "Name one thing you can buy for 25 cents," said Mr. Cox.

Competitors, caught off-guard by Wrigley's unusual display of initiative, have begun to respond. American Chicle called the five-stick pack "poor value to consumers" because it is linked with a price rise on Wrigley's seven-stick pack. It also said the move was a response to its own Sticklets, a 30 cent pack of nine extra-thin sugared gum sticks.

Wrigley countered that it was the last to raise prices on seven-stick packs. It also denied the copycat charge, saying the plan had been in the works for two years.



Stacking gum at Wrigley's Chicago plant.

Analysis said they were not sure why Wrigley, whose sugared gums are already outselling the competition, made the first marketing move this time. But they said the newly aggressive behavior may reflect changes at the company over the past decade.

Wrigley, founded more than 75 years ago, is still a cautious operation. Its Doublemint Twin advertising campaign, for example, has been running virtually unchanged since the 1950s.

The next year, when Wrigley brought out Hubba Bubba bubble gum, it began to take a hard look at its marketing methods. Company officials started a search for new talent. They also encouraged Wrigley's Amurrol subsidiary, which made dietetic candies and gums under its own label, to experiment with confections for the fad market.

Wrigley's comeback involved much more than Mr. Wrigley will let on. It took a complete revamping of the company's marketing operations and a host of new products from the Amurrol division.

Seoul to Buy \$2.62 Billion Of U.S. Goods

The Associated Press SEOUL — South Korea has released a list of \$2.62 billion in U.S. products it plans to buy to keep down its trade surplus with the United States and prevent protectionist measures.

The announcement follows an agreement by South Korea last Tuesday to open its market wider to foreign goods and ease regulations governing imports.

The Korean shopping list, announced on Saturday, includes \$2.14 billion in capital goods, raw materials and farm products to be imported by government agencies.

The government also said it would widen the market for U.S. goods and services, reduce tariffs, remove other import barriers and restrain some exports to improve the trade balance.

Tool Orders Fell 24.5% in U.S. In First Quarter

WASHINGTON — Orders for machine tools in the United States fell 24.5 percent to \$464.7 million in the first three months of this year from the first quarter of 1986, an industry group reported Sunday.

Ex-World Leaders Press Urgent Action on Debt

By Michael Richardson International Herald Tribune KUALA LUMPUR, Malaysia — Six former leaders of Western, Third World and Communist countries will send letters soon to the leaders of seven major industrialized nations appealing for urgent action to reduce the foreign debt burden of developing countries.

The letters also warn that trade friction between Japan, the United States and Western Europe must be quickly defused, sources familiar with the contents said.

Mr. Fukuda said that total Third World debt had risen from \$80 billion to \$1 trillion in the past 13 years, threatening to bring "great havoc to the peace and stability of the world."

THE HASHEMITE KINGDOM OF JORDAN US\$150,000,000 Medium Term Dual Currency Loan Facility. Includes details about the loan, participating banks like Arab Bank Limited and Al Ahli Bank of Kuwait, and contact information for Arab Bank Limited.

Brazil Voices Optimism on Trade Target

SAO PAULO — The president of Brazil's central bank has predicted that the country will reach its trade surplus target of \$8 billion this year despite a poor performance in the first quarter.

The international financial community has been closely watching Brazil's trade balance since the government decided in February to suspend interest payments on \$68 billion in debt to foreign banks.



New International Bond Issues

Compiled by Aimée Potter Hardoux

Issuer	Amount (millions)	Mat.	Coups %	Price	Price and week	Terms
LOADING RATE NOTES						
City of Vienna	\$ 70	1992	1/16	100	—	Over 3-month Libor, Noncallable, Fees .30%
FIXED-COUPON						
NTN Toyo Bearing	\$100	1992	8%	101 1/2	99.50	Noncallable, Fees 1.0%
Hercules of Sicilia Int'l	\$ 30	1992	zero	70.40	—	Yield 7.27%, Noncallable, Proceeds \$20,850 million, Fees 1.0%
Toronto Dominion Bank	\$ 50	1992	9%	101 1/2	99.75	Noncallable, Fees 1.0%
Alpic Investment Bank	DR400	1992	11	101 1/2	99.75	Noncallable, Fees 1.0%
Royal Trustco	C\$ 75	1992	9%	101 1/2	97.63	Noncallable, Fees 1.0%
BFG Finance	Aus\$ 60	1992	14%	101 1/2	101.50	Noncallable, Fees 2%
Creditanstalt Bankverein	Aus\$ 60	1990	14%	101 1/2	99.88	Noncallable, Fees 1.0%
Federal Business Development Bank of Canada	Aus\$ 50	1989	14%	101 1/2	99.63	Noncallable, Fees 1.0%
LB Rheinland-Pfalz Finance	Aus\$ 75	1992	zero	52.75	53.50	Yield 14.0%, Noncallable, Proceeds Aus\$39.02 million, Fees 1.0%
SBC Finance	Aus\$100	1990	14	101 1/2	101.00	Noncallable, Fees 1.0%
Sweden	Aus\$ 75	1994	13%	101 1/2	100.00	Noncallable, Fees 2%
Chubu Electric Power	¥ 40,000	1997	4%	101 1/2	99.50	Noncallable, Fees 2%
Kumagai Australia Finance	¥ 7,000	1992	7%	100	98.13	Noncallable, Interest payable in Australian dollars, Redeemable in yen, Fees 1.0%
Morgan Guaranty Trust	¥ 25,000	1992	4%	101 1/2	99.63	Noncallable, Fees 1.0%
Morgan Stanley	¥ 25,000	1993	4%	101 1/2	99.13	Noncallable, Fees 1.0%
World Bank	¥ 40,000	1997	4%	101	100.25	Noncallable, Fees 1.0%
EQUITY-LINKED						
Cetus	\$100	2002	5%	100	100.00	Callable at 103 in 1990, Convertible at \$37 per share, a 22.6% premium, Fees 2.0%
Chugoku Marine Paints	\$ 20	1992	open	100	99.25	Coupon indicated at 2.0%, Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium, Fees 2.0%, Terms to be set April 27.
Comcast	\$ 75	2002	5	100	97.25	Callable at 103 in 1990, Redeemable at par in 1994, Convertible at an expected 23 to 27% premium, Fees 2.0%, Terms to be set April 28.
Daiichi Industries	\$100	1992	open	100	97.00	Coupon indicated at 2%, Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium, Fees 2.0%, Terms to be set April 30.
Fujitsu	\$300	1992	open	100	98.00	Coupon indicated at 2%, Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium, Fees 1.0%, Terms to be set April 27.
Gunze	\$100	1992	open	100	97.25	Coupon indicated at 2%, Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium, Fees 2.0%, Terms to be set April 27.
J. Bildner & Sons	\$ 25	2002	open	100	98.50	Coupon indicated at 6 to 6 1/2%, Callable at 101 in 1992, Convertible at an expected 20 to 25% premium, Fees 2%, Terms to be set April 28.
Marubeni	\$300	1992	open	100	100.50	Coupon indicated at 2%, Noncallable, Issue in two tranches, \$200 million in Europe and \$100 million in Asia, Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium, Fees 2.0%, Terms to be set April 27.
Mitsubishi Corp.	\$400	1992	open	100	107.88	Coupon indicated at 1.0%, Each \$10,000 note with one warrant exercisable into company's shares at an expected 25% premium, Fees 2.0%, Terms to be set May 14.
Sumitomo Realty & Development	\$500	1992	open	100	106.50	Coupon indicated at 1.0%, Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium, Fees 1.0%, Terms to be set April 27.
Suzuki Motor	\$100	1992	2	100	91.00	Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium, Fees 2.0%, Terms to be set April 27.
Suzuton	\$ 20	1992	open	100	—	Coupon indicated at 2%, Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium, Fees 2.0%, Terms to be set May 1.
Tatsumi Chemical Industries	\$ 50	1992	open	100	97.75	Coupon indicated at 2%, Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium, Fees 2.0%, Terms to be set April 30.
Toyo Soda Manufacturing	\$150	1992	open	100	100.75	Coupon indicated at 2%, Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium, Fees 2.0%, Terms to be set April 27.
Ultramar	£ 40	2002	6	100	100.00	Callable at 101 in 1992, Redeemable at 117.50 in 1992, Convertible at 234 pence per share, a 9.6% premium, Fees 2.0%
Wates City of London Properties	£ 30	1994	6%	100	—	Noncallable, Each £10,000 bond with 10 five-year warrants exercisable into company's shares at 185 pence per share, a 5% premium, Warrants priced at £163, are redeemable if not exercised, Fees 2.0%
Life	ECU 40	1992	open	100	—	Coupon indicated at 1.0%, Each ECU5,000 note with one warrant exercisable into company's shares at an expected 25% premium, Fees 2.0%, Terms to be set April 28.
WARRANTS						
Yamaichi Int'l	\$ 10	1992	—	\$81.25	—	Each warrant exercisable into one million dollars at \$1.02 per ECU.
Yamaichi Int'l	\$ 14	1994	—	\$96.13	—	Each warrant exercisable into one million dollars at \$1.02 per ECU.

Fecsa Seeks Record-Low Debt Plan

By Carl Gewirtz
International Herald Tribune

PARIS — If ever there was a debt rescheduling program likely to be dismissed out of hand by creditor banks, it surely is the one being proposed by Fecsa, a privately owned Spanish utility.

Fuerzas Electricas de Cataluña SA, which provides power throughout the Catalonia region and parts of Aragon, last week sent creditors its proposal on how it would like to restructure its foreign debt, which is believed to total about \$1 billion.

Fecsa is proposing that all maturities be extended seven years, and that interest be set at 1 1/2 percentage points below the London interbank offered rate for the first three years and 3/4 point over Libor thereafter.

The company is also proposing a grace period of five years, during which only interest would be paid. Repayment of principal would begin in the sixth year.

The lowest borrowing charge banks have granted so far in any of the sovereign loan negotiations was a margin of 13/16 point over Libor to Mexico and Argentina.

If banks accepted a sub-Libor margin for Fecsa, they would set a precedent that the debt-stricken developing countries would surely seek to duplicate.

The bankers' dispute with Fecsa risks turning nasty. Foreign banks say they were told in a meeting with Spanish government officials in 1984 that the electrical industry's problems were under control. The bankers interpreted the statement to mean that the government would restructure the industry and bail Fecsa out of any trouble. The government's refusal to do so has a

number of banks threatening to boycott business with Spain.

A measure of whether the dispute spills over to all Spanish borrowers may be shown this week when Antopistas Concessionaria Española SA, a private toll-road operator, seeks a similar debt plan.

INTERNATIONAL CREDIT

company, comes to the market under the direction of Crédit Commercial de France.

Access is seeking a five-year loan of 40 million Deutsche marks and a three-year loan of 25 million Swiss francs. Interest on both elements will be set at 10 basis points, or 0.1 percentage point, over Libor, with front-end fees of 5 basis points.

"It's not a question of whether the terms are skimpy," said one London-based banker, "but whether banks are willing to lend" to anyone in Spain while the dispute with Fecsa remains unsettled.

AKZO NV, the Dutch chemicals company, is currently seeking to renegotiate, for the second time, lower terms on a loan originally signed in 1980. Under the direction of Union Bank of Switzerland, the company plans to reduce the size to \$180 million from \$230 million. It is offering to pay an annual facility fee of 8 basis points, compared with the commitment fee of 12 1/2 basis points; and a drawing charge of 15 basis points over Libor, down from 6 1/2 basis points; plus a renegotiation fee of 10 basis points.

Mediocredito Lombardo is seeking \$100 million in finance Italian exports to the Soviet Union. The loan, arranged by First Chicago Corp., will run for seven years from drawdown, which can take up to two and a half years, and will carry interest of 10 basis points over Libor. Underwriters are offered a

Tension Seen at ADB Session

OSAKA, Japan — Delegates from 46 countries will open the 20th meeting of the Asian Development Bank on Monday amid friction over the bank's role in aiding regional development.

Political tensions also will be evident at the three-day meeting. Taiwan, one of the bank's founders, will boycott the meeting for the second time to protest China's admission last year.

A senior ADB official said that China, which recently became the bank's third-largest shareholder after the United States and Japan, would take one of the 12 seats on the bank's board of governors. The Soviet Union will attend the ADB meeting for the first time.

The official said calls for expanded bank lending were expected from poorer countries in the Asia-Pacific region. The ADB has reduced its role in regional development. Its net transfer of resources, or loan disbursements less repayments by borrowers, fell to \$237 million in 1986 from \$421 million in 1985.

ECUPAR

SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE
AVIS AUX ACTIONNAIRES
CONVOCAISON

Nous vous prions de bien vouloir assister à l'Assemblée générale ordinaire de l'entreprise, Société d'investissement à capital variable, qui sera tenue au siège social, 10a Boulevard Royal, Luxembourg.

Le Mardi 5 mai 1987, à 16 heures

et qui aura l'ordre du jour suivant:

1. Recevoir et adopter le rapport de gestion du Conseil d'Administration pour l'exercice clos au 31 décembre 1986;
2. Recevoir et adopter les rapports du commissaire et de l'expert indépendant pour l'exercice clos au 31 décembre 1986;
3. Recevoir et approuver les comptes annuels arrêtés au 31 décembre 1986;
4. Affirmation du bénéfice de la société;
5. Donner quittance aux administrateurs, au commissaire et à l'expert indépendant pour l'accomplissement de leur mandat jusqu'au 31 décembre 1986;
6. Renouveler le mandat des administrateurs, du commissaire et de l'expert indépendant pour un terme d'un an devant expirer à la prochaine assemblée générale ordinaire des actionnaires;
7. Divers.

Les actionnaires constitués inscrits au registre des actionnaires à la date de l'assemblée devront assister à la réunion ou à donner procuration en vue du vote.

Les procurations doivent parvenir au siège social au moins 24 heures avant la réunion.

La présente convocation et une formule de procuration ont été envoyées à tous les actionnaires inscrits au 30 avril 1987.

Des formules de procuration sont disponibles sur demande au siège social de la société.

Pour avoir le droit d'assister ou de se faire représenter à cette assemblée, les propriétaires d'actions au porteur doivent avoir déposé pour le 28 avril 1987, leurs titres, soit au siège social de la société, soit au siège des établissements suivants:

— En Belgique: Banque Paribas Belgique S.A., World Trade Center, Boulevard Emile Jacqmain, 162, 1210 Bruxelles.
Crédit Commercial de Belgique S.A., Boulevard Pasteur, 44, 1000 Brussels.
COB Banque d'Epargne S.C., Rue de Trèves, 25, Bruxelles.

— Au Luxembourg: Banque Paribas (Luxembourg) S.A., 10a Boulevard Royal, Luxembourg.
Banque Continentale du Luxembourg S.A., Boulevard Emmanuel Servais, 2, Luxembourg.

Pour le Conseil d'Administration,
J. PIERSON
Président.

EUROBONDS: Political Test of Wills Feeds Anxiety

(Continued from first finance page)

demand and boost imports that Prime Minister Yasuhiro Nakasone will detail during his visit to Washington this week.

The plan reportedly calls for additional fiscal measures worth more than \$5 billion (\$35.88 billion), a large-scale supplementary budget for the fiscal year that began April 1 and concentration of more than 80 percent of the annual public works budget in the first half of the year.

U.S. and European economists say the program sounds impressive. But they remain skeptical, warning that Japan's promises have too often fallen short when implemented.

West Germany's contribution so far has been a promise to cut taxes starting next year, a move that is much too little and too late to achieve the boost in domestic demand urged by the United States.

Meanwhile, the great danger is that central banks through their fruitless intervention in the exchange markets will have fueled an explosion in international liquidity and, ultimately, inflation requiring monetary policy to turn restrictive as the world slips into recession.

The only part of the Eurobond market to benefit from the week's disarray were the long depressed floating-rate notes. The regular quarterly or semiannual resetting of coupons is the best protection for investors in an environment of rising interest rates and dealers reported a notable pickup in retail demand for this kind of paper.

The city of Vienna issued \$70 million of five-year notes bearing a coupon of 1/16 point over the London interbank offered rate, but this was really a private placement and not a re-opening of the new-issue market.

4.689 percent for its money, saved about five basis points by issuing the hybrid rather than a classic Euroyen bond.

Sterling also was in demand although only one issue was launched, for Toronto-Dominion Bank at a yield of 10 basis points over comparably dated gilts.

The equity-linked market was the most active sector, and as usual dominated by Japanese issuers. These were a mixed bag. Sumitomo Realty ended the week at a premium of 6 1/2 percent and Mitsubishi Corp. at 7 1/2 percent.

At the other extreme, companies most reliant on exports, Suzuki Motor traded at a discount of 9 points while Fujitsu was down 2 points, Gunze 2 1/2 points, Daiichi Industries 3 points and Chugoku Marine Paints 4 points.

Ultramar, the British oil company, increased its issue by \$5 million to \$40 million and ended the week at par as did Cetus, the U.S. biotechnology firm whose Interleukin-2 shows promise in reducing cancerous tumors.

Wates City of London Properties offered \$30 million of seven-year bonds bearing warrants that will be redeemed for cash if not exercised, a rarely used formula that limits the risk of investors.

Japanese investors were reported to be actively buying European currency units. On offer last week were currency warrants from Yamaichi to purchase ECU and a warrant bond for Life Co., one of Japan's largest consumer credit companies.

The 40 million in ECU bonds is expected to carry a coupon of 1 1/2 percent, the lowest coupon yet seen on an equity linked issue, with warrants to buy stock at an expected price of 2 1/2 percent over the prevailing Tokyo Stock Exchange quote when terms are set April 30.

Rates Rise as Prices Marked Down

By H.J. Maidenberg
New York Times Service

NEW YORK — Interest rates resumed their rise Friday as dealers marked down prices of all Treasury maturities in what proved to be a largely futile effort to attract investors.

Dealers said the bond market was so demoralized that many of them abandoned their usual pre-weekend practice of buying securities to offset inventories they previously sold short as a hedge against price declines.

The bellwether long Treasury bond, the 7 1/2 percent issue of 2016, was offered late in the session at 87 1/2, down 1 1/2 points, to yield 8.7 percent. At the close of the holiday-shortened previous week, the long bond had been offered at 92 7/8, to yield 7.32 percent.

In Chicago, the spot June Treasury futures plunged 1 1/2 points, to 89 1/2, down sharply from 94 1/2 at the previous week's close.

Because of the growing belief that the Federal Reserve is allowing short-term rates to inch up, the discount rate on 90-day Treasury bills soared 32 basis points, to 5.81 percent. The six-month issue rose 19 basis points, to 6.01 percent, and the rate on the one-year bills gained 16 basis points, to 6.41 percent.

The Fed can only control short-term rates, and the belief that the Fed was "nudging" those rates, or firming them just a bit, gained credence after the central bank took no action Friday to reduce the rates by adding reserves directly or indirectly to the banking system.

Partly as a result, the basic lending rate, the cost of overnight loans, held steady at 6.25 percent.

"It was more of the same today," William V. Sullivan Jr., senior vice president at Dean Witter Reynolds Inc., said Friday. "and I don't know how much more we can take."

"Unless policies are implemented of quickly to halt the slide in the dollar, which is the pivotal factor in the bond market today, we could see the long bond yielding 9 percent next week, which would really fuel inflationary expectations."

The market was unshaken from the opening because the dollar had fallen below 140 yen in Tokyo earlier. The market's gloom deepened, Mr. Sullivan said, when precious metals prices began to climb.

DEBT: Ex-Leaders Urge Action

(Continued from first finance page)

In its statement, the council also recommended that:

- Governments of developed countries, banks and international institutions such as the World Bank and the International Monetary Fund expand the flow of funds to developing countries for economic restructuring and expansion.
- Debt relief be granted to Third World countries that have pursued appropriate adjustment policies and that need the money to increase exports.
- Major industrial powers make a determined effort to achieve higher, noninflationary growth rates, to reduce interest rates and to reduce protectionism "through closer macroeconomic policy coordination."
- Supervisory banking authorities in creditor countries "facilitate more flexible write-offs of developing-country debt, especially in the United States."

The council noted that "appalling poverty afflicts a large percentage of the world's population. Debt servicing cannot be met at the price of suffocating a country's economy" or imposing "privations incompatible with human dignity," the statement said.

Mr. Fraser said the letters to participants in the Venice summit meeting urged them not to blame any single country for trade friction.

"The Japan bashing from the U.S. and some European countries is extraordinarily unwise," he said.

The council's statement implied that the main industrial powers were all responsible for current difficulties.

"The present unsustainable budget and trade deficits of the United States," it said, "and the huge current-account surpluses of Japan and major West European economies create an environment of economic tension and danger."

Shridath S. Ramphal, secretary-general of the Commonwealth association of former British colonies, said that a trade war involving the leading industrial powers would aggravate the debt crisis by reducing opportunities for Third World countries to expand their economies by increasing exports to the West.

Developing countries should not only improve their economic policies, the council said, but must stop wasting "massive" sums of money on military spending that is unnecessary for defense.

Shareholders Approve Merger

HOUSTON — Stockholders of Texas Commerce Bancshares Inc. on Friday approved a merger with Chemical New York Corp. The merger, scheduled for May 1, would create an organization with equity capital of \$4 billion.

U.S. Consumer Rates

Item	Rate
Prime Rate	6.50%
Year End Rate	6.50%
30-Day T-Bill	7.81%
Money Market Funds	6.67%
Bank Money Market Accounts	6.67%
Bank Rate (Monthly)	6.67%
Home Mortgages, FHLB average	9.68%

Source: New York Times

GROSS OPERATING PROFIT UP 20%

Consolidated accounts of the CRÉDIT LYONNAIS GROUP for 1986

millions FFR	1985	1986	% Growth
Total assets	842,734	852,552	+ 1.2
Customer lending	345,757	360,366	+ 4.2
Shareholders' funds	10,925	16,693	+ 52.8
Perpetual subordinated debt	3,500	3,500	— (1)
Provisions	22,419	26,860	+ 19.8
— of which country risk provisions	8,104	12,114	+ (2)
— representing country risk coverage of Shareholders' funds, perpetual subordinated debt and provisions as % of customer lending	22%	33%	+ (3)
Operating income	24,163	26,438	+ 9.4
— of which net commissions	4,306	5,271	+ 21.4
Gross operating profit	7,496	9,041	+ 20.6 (5)
Net allocation to provisions	5,263	6,210	+ 18
— of which country risk	3,287	4,034	+ (2)
Group share of net profit	1,204	1,821	+ 51.3

(1) Increased to 5,500 on 5.1.87.
(2) 1985 figure is for CRÉDIT LYONNAIS unconsolidated.
(3) Percentage increased to 36% at 31.3.87.
(4) Percentage increased to 13.6% on 3.1.87.
(5) Excludes the Group share of the earnings of companies accounted for on an equity basis (156 millions FFR in 1986).

In 1986 the CRÉDIT LYONNAIS GROUP continued to expand in the traditional area of commercial banking by developing its services to both corporate and retail clients. The Group strengthened its financial activities, a sector where it already occupies a leading position in France. It also considerably reinforced its financial resources in 1986, providing a foundation for continuing development.

CRÉDIT LYONNAIS is one of the world's largest banks involved in the full range of banking and financial activities. The bank currently has 2,400 branches in France and maintains 700 locations abroad in the form of branches, subsidiaries, associated banks and representative offices. It serves retail, corporate and institutional clients throughout the world.

For further information on CRÉDIT LYONNAIS, please write to: Group Communications Department, 19 boulevard des Italiens - 75002 Paris, France.

CRÉDIT LYONNAIS

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\$1.6 Billion Offered for Burlington

NEW YORK — Asher R. Edelman, a New York financier, and Dominion Textile Inc. have offered a \$1.6 billion bid for Burlington Industries Inc.

closed at \$56.25 a share, up \$1.875 from Thursday. Dominion Textiles has annual sales of about \$765.9 million. The company's U.S. subsidiary, headquartered in New York, has sales of \$150 million to \$200 million annually.

Mr. Edelman, a general partner of Plaza Securities Co., made a hostile \$1.8 billion bid last year for Lucky Stores Inc. of Dublin, California. The move added to his reputation as a corporate raider.

Garcia Says Silver Freeze Could Bring Retaliation

LIMA — The government's freeze on silver sales, which has contributed to a sharp rise in the metal's price, could draw retaliation by rich nations and big traders seeking lower prices, President Alan Garcia Pérez says.

TRADE: Nations Say They'll Back Pledges With Action

(Continued from Page 1) leading industrialized democracies that currency levels should be stabilized to reduce trade imbalances.

GUM: Wrigley's Bucks Trend, Relaunches 5-Stick Pack

(Continued from first page) dards, was expanded to five men, who like to call themselves "the lean, mean, selling machine."



William Wrigley Jr.

Amurrol to chomp, chew and blow bubbles with gum like Baffly Taffy and Phoney Galaxy.

NASDAQ National Market

Table with columns for Stock Name, High, Low, Close, Change. Includes various tech and financial stocks.

Table with columns for Stock Name, High, Low, Close, Change. Includes various international and domestic stocks.

International Bond Prices

Table with columns for Issuer, Coupon, Maturity, Price, Yield. Lists various international bonds.

Euromarts At a Glance

Table with columns for Country, Maturity, Yield. Lists various Eurobonds.

Financial Statement as of December 31, 1986

Table with columns for Assets, Liabilities, Revenue. Shows financial data for Dresdner Bank AG.

Wall Street Review

Table with columns for NYSE Most Actives, AMEX Most Actives, NYSE Sales, AMEX Sales, NYSE Diaries, AMEX Diaries. Lists active stocks and sales figures.

U.S. \$100,000,000 National Westminster Finance B.V.

Guaranteed Floating Rate Capital Notes 1992. In accordance with the provisions of the Notes, notice is hereby given that for the six-months interest period from 27 April, 1987 to 27 October, 1987 the Notes will carry an interest rate of 7 3/4% per annum.

Profit and Loss Account

Table with columns for Expenditure, Revenue. Shows profit and loss details for Dresdner Bank AG.

Yen Straights

Table with columns for Issuer, Coupon, Maturity, Price, Yield. Lists various Japanese government bonds.

SPORTS

2 Top Colts to Miss Derby

LOUISVILLE, Kentucky — Temperate Sil and Talinum, two of the early favorites, will miss next Saturday's Kentucky Derby because of physical problems, according to their trainers.

Harper Errs Again, Mavericks Lose Again

DALLAS — Derek Harper of the Dallas Mavericks, having lived for almost three years with one goof, has another one to contemplate.

point ahead — dribbled out the clock for the last seven seconds. But the score was tied, 108-108, and the Lakers won in overtime to take a 3-1 lead, then went on to win the series.

NBA PLAYOFFS

Lakers 139, Nuggets 127: In Inglewood, California, a more physical game and wound up sending the Lakers to the final line 55 times. The 49 free throws they made broke a team playoff record, set in 1970, and were the most in a post-season NBA game since 1956.

Solution to Friday's Puzzle

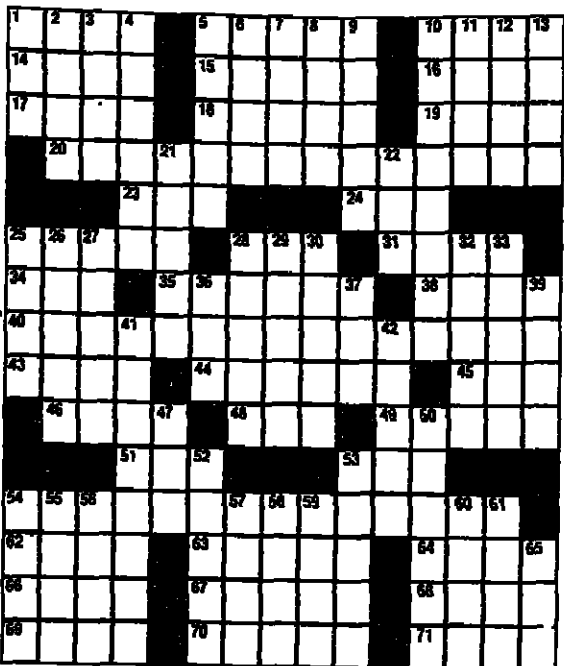
Grid puzzle solution with words like PINONS, MAIDS, INMAP, NEMLOCK, OSTRICH, ALLEGRO, AMO, THEPLEA, WOOTING, TRADE, FOLK, ERECT, ELA, VIOLS, REDDUB, ONWARDS, REAVERS, DANTELE, HENRIS, PECAN, CRY, SEENO, UPAS, LODES, ATTU, ERN, LIVE, OAK, RES, REDDINE, MORALINE, ISLANDS, ANIMALS, SEPTIA, NEISTIE.

Gardner, Forsman Leads U.S. Golf by 2

THE WOODLANDS, Texas — (UPI)—Buddy Gardner, who has never won on the PGA Tour, shot a 5-under-par 67 Saturday to tie Dan Forsman for the lead after three rounds of the Houston Open golf tournament.



Indiana's Clint Richardson sent Glenn Rivers of Atlanta flying in Friday's early going. Taking a gentle fall of his own didn't wash with the refs; Richardson was whistled for a foul.



ACROSS: 1 Auricular, 5 Take away, 10 Réunion et al., 14 "Abide — Me," noted hymn, 15 Vex, 16 Get stuck, in a way, 17 Suffix with depend, 18 Made of a cereal, 19 Nuisance, 20 Symbol of high authority, 23 But, to Virgil, 24 Suffix with musket, 25 Measures of length, 28 Eleventh-century date, 31 "Watch your —!", 34 Timetable abbr., 35 Dyes, 39 Cupid, to Athena, 40 Symbol of treachery, 43 South American monkey, 44 Calm, 45 Stage scene, 46 Times after sunsets, to poets.

© New York Times, edited by Eugene Malachuk

DENNIS THE MENACE



"MR. WILSON'S NOT VERY GOOD AT HIDE 'N SEEK. I'VE BEEN IN HERE FOR AN HOUR."

JUMBLE

A word game section with a cartoon illustration of a man and a woman. The man says, "WHAT A DUPE SOMETIMES BECOMES AFTER MARRIAGE." The woman replies, "I'VE BEEN IN HERE FOR AN HOUR."

Print answer here: (Answers tomorrow)

WEATHER

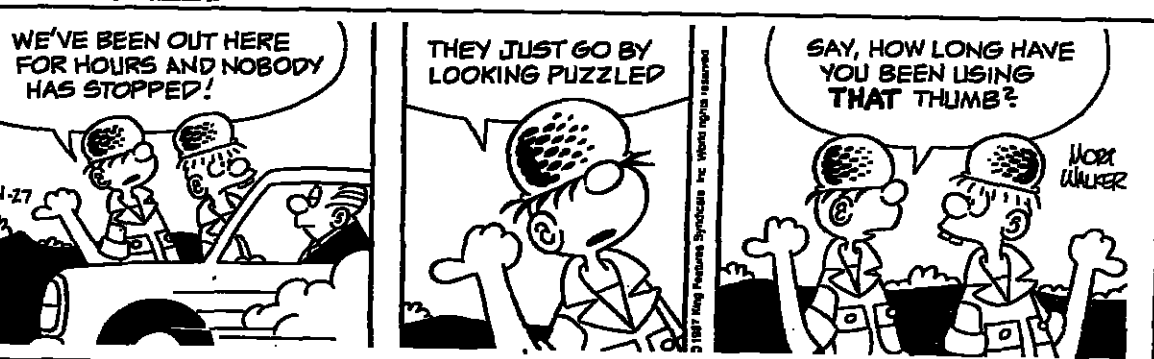
Table with columns for Europe, Asia, Africa, Latin America, North America, Middle East, and Oceania. It lists cities and their weather conditions.

MONDAY'S FORECAST — CHANNEL: Slight. FRANKFURT: Partly cloudy. Temp. 18 (64-80). LONDON: Partly cloudy. Temp. 21-8 (70-48).

PEANUTS



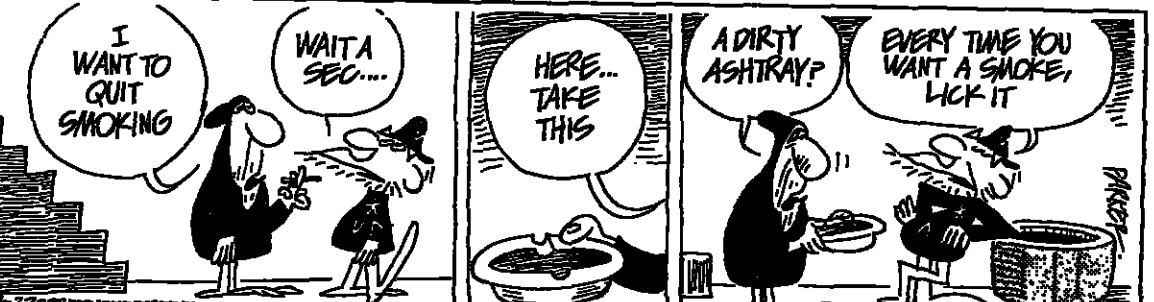
BEEBLE BAILEY



ANDY CAPP



WIZARD of ID



GARFIELD



Garfield 4-29



WORLD STOCKS IN REVIEW / Via Agence France-Press

Amsterdam

The Amsterdam stock exchange failed in four sessions last week to regain the optimistic note on which it closed the previous week.

Frankfurt

Trading on the Frankfurt exchange last week was listless and irregular, largely in response to the weaker dollar.

Hong Kong

The local market continued to slide over the week in slack trading, with the Hang Seng Index shedding 13.51 points to close at 2,707.61 points Friday.

London

After a dull start after the Easter break, shares rose sharply last week on the London Stock Exchange. They were boosted by the prospect of an early election victory for the Thatcher government and hopes of a further cut in British interest rates.

Milan

The Comit Index closed 0.7 percent higher Friday on four days' trading, continuing an upward trend that has developed despite Italy's worst political crisis in nearly four years.

Paris

Trading was stable on the Paris Bourse last week, and the trend was not disrupted by anxieties linked to the falling dollar.

A CAC reading for Friday was not possible because of a computer breakdown, but analysts detected a modest decline.

Singapore

Investors went on a buying spree at the end of the week, setting aside hesitation that stemmed from elections within Malaysia's dominant political party.

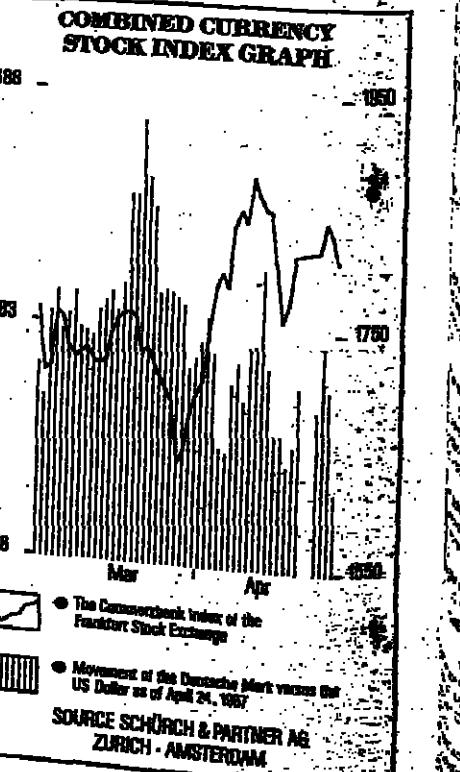
Tokyo

Share prices were mixed in erratic trading on the Tokyo stock market last week. The Nikkei average topped the 24,000-yen mark Wednesday for the first time, but fell back as bearishness predominated Friday and Saturday.

Zurich

Sentiment was depressed on the Zurich stock exchange last week, with the Credit Suisse index falling to 530.6 from 533.5.

Analysts said that the trend was not likely to improve this week, when there will be only three trading sessions because of holidays.



SPORTS



Brewers Stay Hot, Beating Orioles 5th Straight Time

Compiled by Our Staff From Dispatches MILWAUKEE — Rookie B.J. Surhoff hit a three-run home Saturday to cap a five-run first inning as the Milwaukee Brewers beat the Baltimore Orioles, 8-2, for their 15th victory in 16 games this season.

out in the ninth, to beat Toronto. Leadoff batter Gary Rodus had doubled and was sacrificed to third. Rangers 2, Red Sox 1: In Arlington, Texas, Jose Guzman held Baltimore to five hits and Jerry Browne tripled, then scored the winning run, in the seventh inning.

SATURDAY BASEBALL

51,717, third-largest in the Twins' 27-year history. Cardinals 3, Mets 2: In the National League, in New York, Joe Magrane made his major-league debut by limiting the Mets to five hits for six innings and St. Louis tied the score when center fielder Mookie Wilson dropped a fly ball in the seventh. Vince Coleman then singled home the winning run.

St. Louis has beaten the Mets in four of five games this season; last year it won only six games all season against New York. Reds 3, Astros 0: In Houston, Kurt Stillwell hit a two-run single during a three-run 10th inning for Cincinnati. Eric Davis of the Reds set a major-league record by striking out nine straight times in two games — only four players had ever struck out eight straight times — and tied another major-league mark with five strikeouts Saturday night.

Phillies 3, Pirates 2: In Philadelphia, Von Hayes' groundout, Mike Schmidt's single and Lance Parrish's single brought in three runs in the first inning against Pittsburgh. Don Carman pitched seven innings to become the Phillies' first starter to win this season. Cubs 9, Expos 4: In Montreal, Jody Davis' two-run single during a four-run sixth helped Chicago win.



STILL CHAMPION — Colombian Fidel Bassa, right, retained his World Boxing Association flyweight title by surviving three knockdowns before knocking out Dave McAuley of Northern Ireland at 1:45 of the 13th round Saturday night in Belfast. Bassa, 18-0 with 14 KOs, was making his first defense of the title he took from Panamanian Hilario Zapata two months ago; McAuley lost for the first time in 14 professional fights.

SCOREBOARD

Baseball

Table with columns for 'FRIDAY'S RESULTS' and 'NATIONAL LEAGUE'. It lists various baseball games, teams, scores, and player statistics.

Basketball

Table with columns for 'NBA Playoffs' and 'NBA Playoff Schedule'. It details the progress of various NBA teams in the playoffs and their upcoming games.

Major League Standings

Table showing the current standings for various Major League Baseball teams, including columns for team name, wins, losses, and percentage.

Tennis

Table listing tennis tournaments and their winners, including the Wimbledon Championships and other international events.

Bill Wegman held Baltimore to five hits for seven innings, while teammates Robin Yount and Glenn Beckers each drove in two runs. Tigers 13, Royals 2: In Detroit, Alan Trammell, Dave Bergman, Darrell Evans and Tom Brookens homered against Kansas City, helping end a five-game losing streak.

Bergman and Billy Bean each had four of the Tigers' 18 hits. Bean, who had two doubles and two singles, tied an American League record for most hits in a nine-inning game debut. Hall of Famer Fred Clarke set the major league record, with five, in his debut with Louisville of the National League on June 30, 1894. Cecil Travis of the Washington Senators got five hits on May 16, 1933, but that game went 12 innings.

Six other American Leaguers got four hits in debuts that lasted nine innings, with Kirby Puckett of the Twins the last previous to accomplish the feat, on May 8, 1984. Indians 2, Yankees 1: In Cleveland, Rick Rhoden yielded only four singles but catcher Joel Skinner's throwing error in the fourth allowed the go-ahead run to score and New York lost its second straight, after winning 10 in a row.

White Sox 5, Blue Jays 4: In Chicago, Greg Walker drew a walk off Tom Henke, after two intentional walks loaded the bases with two

United Press International WINNIPEG, Manitoba — Jari Kurri scored two goals and Esa Tikkanen one — all set up by Wayne Gretzky — to propel the Edmonton Oilers to a 5-2 victory Saturday night and a 3-0 lead over the Winnipeg Jets in the Smythe Division final of the National Hockey League's Stanley Cup playoffs.

The Oilers' goalie, Grant Fuhr, stopped 35 shots, which led the Jets' coach, Dan Maloney, to say: "We're at the top of our game. We did everything we wanted to, but we couldn't beat Fuhr."

Tikkanen gave the Oilers a 1-0 lead at 2:55 of the first of the first period. Just as he stepped out of the penalty box, Gretzky intercepted a blind pass from the Jets' center, Dale Hawerchuk, and made a long lead pass to Tikkanen at the Winnipeg blue line. Tikkanen fired a 30-foot (9-meter) shot past rookie goalie Pokey Reddick.

Kurri got the Oilers' second and third goals, with his second of the game and ninth of the playoffs — on a three-on-two break at 6:22 of the third period — making it 3-1. Mark Messier made it 4-1 at 7:57.

The Jets' goalie, Pokey Reddick, in the final 100 seconds for an extra skater and, with the net empty, Glenn Anderson scored with 37 seconds left. Red Wings 4, Maple Leafs 2: In Toronto, Shawn Burr and Gerard Gallant each scored twice, with Detroit dominating the second period on a 1-3 advantage in shots and taking a 3-2 lead at 0:49 on Burr's second goal of the game and fifth of the Norris Division playoffs.



UPS AND DOWNS — Pittsburgh starting pitcher Doug Drabek, who pulled a muscle in his left leg while running out a fifth-inning infield hit in Philadelphia on Saturday, is expected to be out of action for two weeks; the night before, Milwaukee's Rob Deer hit his major league-leading eighth home run of the season to help the Brewers past Baltimore, 6-4.

Reds End Astro Home Streak on Home Run in 11th

HOUSTON — The Cincinnati Reds did Friday night in the fifth game this year that it took them 18 games to accomplish in 1986: beat the Houston Astros four times.

With two out in the 11th inning, Ron Oester hit a two-run home run that gave the Reds a 4-3 victory and ended the Astros' home winning streak at nine.

Charlie Kerfeld walked Buddy Bell to open the inning, then got two out before Oester hit his first homer over the Astrodome. "It was a breaking ball up and I hit it as good as I could," Oester said.

Scott allowed six hits in eight innings, while walking one and striking out 12. Bill Glickson gave up six hits in 7 1/3 innings in what began as a match up of 3-0 pitchers.

Cubs 6, Expos 4: In Montreal, Andre Dawson, who played 10 years for the Expos before joining Chicago as a free agent, hit three doubles, drove in two runs and scored twice.

Mets 2, Cardinals 1: In New York, Sid Fernandez struck out 11, holding St. Louis to six hits as rain fell steadily most of the game.

FRIDAY BASEBALL

The Mets scored both their runs in the sixth, on one hit. Mookie Wilson walked and was sacrificed to second, with Keith Hernandez singling him home. Greg Mathews then walked Gary Carter and Darryl Strawberry, and Hernandez scored on Kevin McReynolds' infield out, a line drive off Mathews' glove.

Giants 7, Braves 5: In Atlanta, Candy Maldonado homered for two in the first inning and singled in the tie-breaker in the eighth.

Dodgers 5, Padres 0: In Los Angeles, Mike Scioscia and Mike Ramsey each got three hits to support Bob Welch's four-hit, eight-strikeout pitching against San Diego.

Indians 6, Yankees 5: In the American League, in Cleveland, Andre Thornton's sacrifice fly tied the score in the ninth and Cory Snyder's single with one out scored Julio Franco from second base with the winning run. Reliever Steve Carlton got his 325th victory in the majors despite allowing three runs, three hits and two walks in two innings.

Brewers 6, Orioles 4: In Milwaukee, Paul Molitor bluffed Scott McGregor into a seventh-inning balk to get to third and Glenn Briggs

singled in the winning run against Baltimore. Rob Deer hit a two-run home run in the first inning, his major league-leading eighth.

Angels 8, Twins 1: In Minneapolis, Wally Joyner went four-for-four with three RBIs and Don Sutton posted his 311th victory in the majors, tying Tom Seaver for 13th place on the all-time list.

Royals 7, Tigers 3: In Detroit, Charlie Leibrandt scattered six hits over 7 1/3 innings, and Kansas City took advantage of four walks, two wild pitches and a hit batsman in loser Dan Pety's three-plus innings.

Blue Jays 4, White Sox 2: In Chicago, George Bell's long two-run homer in the 10th won for Toronto.

Mariners 6, Athletics 3: In Oakland, California, Phil Bradley drove in two runs and Mike Moore held the Athletics hitless the final six innings, retiring the last 17 batters he faced.

Rangers 6, Red Sox 4: In Arlington, Texas, Pete Incaviglia's two-run homer with one out in the 10th beat Boston and tied a team record for most home runs in the month of April — seven.

Texas pitchers allowed 11 walks, nine by starter Bobby Witt, but the Red Sox stranded 16 men, leaving the bases loaded in the first, third and eighth innings.

By Angus Phillips Washington Post Service WASHINGTON — When Liz Nichol tackles Mount Everest this summer, it's going to be for fun, of all things. This is the same Everest where nights of bone-numbing cold come with winds of 100 mph (160 kph) and where the air is so thin the mere effort of breathing eats up a quarter of the average climber's body weight before he or she comes down.

No one keeps exact records, but about as many climbers — 150 or so — are thought to have died in attempts on the 29,028-foot (8,848-meter) peak as have made it to the top since 1953, when New Zealand's Sir Edmund Hillary and Sherpa guide Tenzing Norgay first succeeded.

Oilers Take 3-0 Lead as Fuhr Excels

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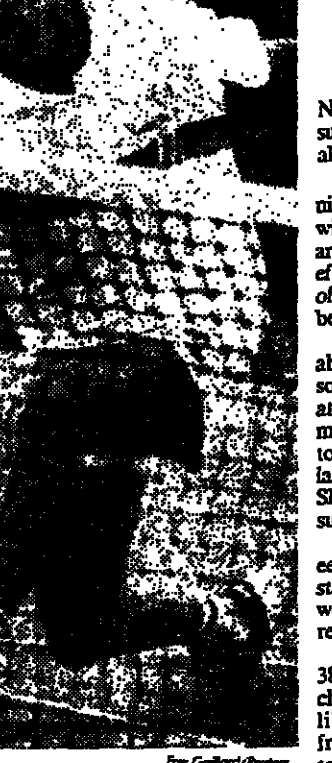
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Toronto leads the series, 2-1, with the fourth game to be played Monday night in Maple Leaf Gardens. Canadiens 2, Nordiques 2: Friday night in Quebec, Mike Laker scored twice and Sergio Momesso got his first playoff goal, 14 seconds into the game, as Montreal won after losing the first two games of the Adams Division series.

Momesso, in his second year with the Canadiens and playing in his first game of this series, took a corner pass from Bob Gainey and beat goalie Mario Gosselin with a 10-foot wrist shot. It became 2-0 when Guy Carbonneau passed from the side of Quebec's net to Gainey, who beat Gosselin with a 20-foot wrist shot at 6:18.

A Cool Woman Climber Is Getting Set for Everest



Mats Wilander: Still confident on clay.

Wilander Breezes Past Arias In 4-Set Monte Carlo Finale

The Associated Press MONTE CARLO — Mats Wilander seems ready for the upcoming clay-court campaign after breezing past American Jimmy Arias, 4-6, 7-5, 6-1, 6-3, in Sunday's final of the Monte Carlo Open tennis tournament.

Although it was his first victory on clay since 1985, Wilander is confident. "I still feel every time I'm in a clay-court tournament I have a good chance to win," he said after his second grand slam title of the year. Monte Carlo is the traditional opener for the clay-court season, which reaches its peak with the French Open, May 25-June 7 in Paris.

But in the second set, Arias' forehand started landing wide and long. "I lost it mentally," he said. "All of a sudden I started missing... At 5-11 in the second set is where I lost the match. I missed four shots in a row on the first ball."

Wilander took the set, 7-5, winning the 11th game on four errors and the 12th on passing shots. "Mats makes zero unforced errors," Arias said. "You have to win every point."

Transition

FOOTBALL National Football League TAMPA BAY — Truitt Young, cornerback, and fourth-round draft pick in 1987 and an unrepentant amount of cash.

World Championships

(AJ Vlasov) Soviet Union 3, Canada 2. Final. Soviet Union 3, West Germany 2. Final. Unified States 3, Switzerland 2. Sunday. Canada 7, Finland 2.

LANGUAGE

A Taste of Allusion

By William Safire
WASHINGTON—Thomas B. Morgan is a class writer. His new novel, "Sayder's Walk," is about a crusty magazine writer's confrontation with the peace movement in the mid-1960s, and critics will hail it for all the right reasons, but I know he is a class writer because he makes a poetic allusion the way it ought to be done—cold turkey, no hints, and if the reader gets it, fine; if not, not.

Dirk Bogarde's Closed Book

By Suzanne Lowry
International Herald Tribune
PARIS—Dirk Bogarde seems the quintessential English gentleman in exile. Elegant, ironic, courteous, at home in civilized surroundings, pained but patient in those that are less so—a quiet perfectionist, with a habit of discreet good living, and shrugging self-deprecation if Too Much Fuss is Made.



Actor, novelist, autobiographer Dirk Bogarde, and, above, his sketch of the farm in Provence.

And there was a last, joyous summer there. He has no urge to return to England to live. "I don't think I could bear to; so much has changed." When he does go, as now, to work its stays safely in the Connaught, a fragment of the once and future English world he mourns and, in his way, represents.

Actors of which he had been the starlet-um, and he simply cleared off to Europe to work. With Visconti, Resnais, Fassbinder, Liliama Cavani. But he claims to have far more success from his books than his films, a far bigger mail. "I never knew books traveled so far. I get letters from the desert, from Brunei, everywhere. And they are really intelligent, literate letters; people identify with what I have written and then write me reams about their own lives."

BIRTHDAY GREETINGS
WEDDING GREETINGS
ANNOUNCEMENTS
COTE D'AZUR
ALCOHOLIC
PERSONALS
MOVING
GLOBAL

INTERNATIONAL CLASSIFIED
REAL ESTATE FOR SALE
REAL ESTATE TO RENT/SHARE
REAL ESTATE FURNISHED
REAL ESTATE TO RENT/SHARE
REAL ESTATE FURNISHED
EMPLOYMENT
EXECUTIVE POSITIONS AVAILABLE

EMPLOYMENT
GENERAL POSITIONS AVAILABLE
EDUCATIONAL POSITIONS AVAILABLE
UNIVERSITY LECTURERS
AUTOMOBILES
Page 7 FOR MORE CLASSIFIED

CBCL The Architects of Time
B&B
Steel and 18K Gold, water resistant 30 m.

International Business Message Center
ATTENTION EXECUTIVES
BUSINESS OPPORTUNITIES
BUSINESS SERVICES
OFFICE SERVICES
Your Office in Germany
MAGIC MASCOT
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124th AUSTRIAN NATIONAL LOTTERY
Only 100,000 Tickets participate in weekly drawings starting May 11th until October 8th 1987
56,105 Winners will cash one of the following prizes:
TWO JACKPOTS
USS 1,600,000.00 and USS 800,000.00

Vertical text on the right edge of the page, including "Short-R..." and "Medium-R..."